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KEY FACTORS LIMITING OIL, GAS EXPORT POSSIBILITIES OUTLINED

Buenos Aires ENERGIA 2001 in Spanish May 82 pp 16-19

[Interview with Lindor Carlos Carnino, consultant and professor at the Argentine Petroleum Institute; author, time and place not given]

[Text] Hydrocarbons: to export or not to export? There are those--officials of the current economic leadership included--who feel that such a dilemma does not exist, and that the prospects are favorable for the former option. There are also those who view the issue as problematic, and emphasize the short- and long-term risks that surround a project of this kind. How would more stringent domestic demand needs be harmonized with the exportation of significant amounts of gas and petroleum? How would available volumes be expanded without affecting the conservation of reserves or the rational exploitation of such reserves? These and other issues that lie at the heart of the debate, are part of the analysis made by Lindor C. Carnino during an interview he granted to ENERGIA 2001. Perhaps the reader will be surprised by the premise of the note, which assumes a 5.3 percent annual growth in the GDP--the maximum envisioned in the Energy Secretariat's 1980-2000 Energy Program--especially considering the sharp decline we are now experiencing. Precisely because of the economic adversity of recent years, we must believe that Argentina can find an answer to its problems only by radically reversing the process. This is not an optimistic prognosis; it is a necessity.

[Question] The 1980-2000 Energy Program drawn up by the Secretariat of Energy is based on the hypothesis of a maximum annual GDP growth rate of 5.3 percent. If that assumption is correct, what will happen to the demand for gas in Argentina between now and the year 2000?

[Answer] At present, the country is producing 13 million cubic meters of gas per year, calculated in terms of petroleum equivalent. Of that amount, 7 million cubic meters is injected into the gas pipeline, and another 3 million, which does not enter into trading, is consumed at the site of the deposit. Thus, there is a total of 10 million cubic meters between what is marketed and what is not. To that total we must add the 3.5 million cubic meters that is wasted through flaring.

With the growth rate assumed by the Program (which I would certainly consider optimistic), and if the petrochemical industry based on natural

gas and special types of petroleum were strongly promoted, gas consumption in our country would multiply by three and a half times, perhaps even four times.

Assuming that consumption grew at that rate, and that the practice of flaring continued (which is more than likely considering that this bad habit is already practically a tradition of Argentine negligence, and that nothing has been done to correct it in the past 40 years), demand would reach some 50 million cubic meters of petroleum equivalent by the year 2000.

[Question] Comparing that projected demand to estimated reserves, can you foresee production surpluses, and therefore the possibility of exporting gas?

[Answer] Officially announced proven reserves amount to some 645 million cubic meters of petroleum equivalent at this time, of which half is in a single deposit (Loma La Lata) in the form of gas and condensate. Of the other half, 60 percent is also a mixture of gas and condensate, in deposits already discovered and measured, principally in Tierra del Fuego, the province of Santa Cruz, and in the Northwest. There are also some discovered deposits that have not been measured yet--part of them offshore and part on land--in the Northwest. No doubt they will be very promising in terms of proven reserves, but their development will depend on whether adequate investments are made. It is also assumed that these discovered but non-proven reserves are composed of a combination of gas and condensate.

Now, if the hypothesized domestic growth rate of the country comes true, gas consumption--directly as energy or as a basis for the petrochemical industry--over the next 20 years will absorb some 600 million cubic meters. Therefore, a view in perspective reveals that current proven reserves, added to probable reserves (partly discovered and not yet developed), could possibly be used for the most part within our borders. The rest, if indeed there is a surplus (which is possible, given that most are non-proven reserves), could be exported in the form of fuel or industrialized products.

[Question] At any rate, that exportation would require certain infrastructure investments to make possible shipments of gas to other countries. What would those investments be, in general terms?

[Answer] Two or three gas pipelines would be one of the necessary conditions for undertaking such exports. One of them would have to go toward the north, duplicating the one that exists now; a second gas pipeline would have to duplicate the one between Neuquen and Bahia Blanca; and perhaps a third one would go from the South to Buenos Aires. We would also need to build the necessary treatment and liquefaction plants--probably two or three as well--at various points in the country. In addition, we would have to have the necessary methane tankers to transport the product. This requirement is relatively more simple, given the possibility of chartering those ships from third countries. Finally, in the case of gas from offshore deposits, we would need a liquefaction plant built on an offshore platform.

[Question] From the technological viewpoint and in terms of the rationality of exploitation, what challenges would be posed by a plan to export Argentine gas, bearing in mind the characteristics of our gas-bearing basins?

[Answer] Given that most of our gas reserves, both proven and potential, are in deposits of retrograde condensation, there are inherent limitations on their exploitation with regard to the volume/time ratio, in this kind of deposit. This means that in practice, the volume of gas is not always as available as it is in pure gas reserves where it could be said that all one needs to do is open a valve to obtain the gas desired. Of course, the government, which should ensure the rational exploitation of hydrocarbons, should decide whether those deposits (which, I repeat, contain 70 percent of our gas reserves) will be exploited rationally so that along with the gas, we can recover as much as possible of the liquid condensate that is present in the reserve in a gaseous state.

It should be noted that the necessary precautions have not always been taken in this recovery; on the contrary, cases such as Campo Duran represent a typical example of abuse from a rational and technological point of view. The fact that the circumstances of the moment pressured the country to try to stem the tide of foreign reserves flowing out of the country could be used as an explanation, but nonetheless that situation could be repeated: if in the near future circumstances force the country to "raid the baby's piggy bank"--to use an expression that is colloquial and at the same time very graphic--there is no doubt that rational exploitation would be left by the wayside, and part of that liquid would have to be sacrificed, with no intention of recovering it. This means, in practice, that these deposits would be developed as if they were pure gas deposits, and any liquid extracted would be incidental.

[Question] What is the proportion of gas and condensate in each deposit, and what are the specific implications of such a balance?

[Answer] In the deposits I was speaking of, the proportion is four to one; that is, four parts gas to one part condensate. If the deposits are exploited rationally, there could be up to three-quarters recovery. Otherwise, it would be difficult to recover even half.

The decision to exploit a deposit of this type rationally, however, poses a difficulty: there comes a time when, to avoid leaving the liquid below, gas must be reinjected constantly. Obviously, that gas becomes unusable, which rules out any possibility of exports.

[Question] What are the storage problems involved in exportation, and what solutions would be required?

[Answer] In principle, I think that if the necessary investments are made for an intensive utilization of gas in the petrochemical industry, the storage problem could be reduced considerably. Nevertheless, that problem would be replaced to a certain extent by another one, given that gas consumption, being seasonal, entails fluctuating deliveries of gas to the plant (which, in turn, means overinvestment in the gas pipeline).

One solution could be for industry to use gas in the summer, when domestic consumption declines, and to store fuel oil, either to conserve it, export

it, or send it to the petrochemical industry. In any case, this kind of response to the storage problem would require Argentine industry to be equipped with both gas and fuel oil systems, and the necessary promotion would be required for that purpose.

[Question] Judging by your earlier explanation, it appears that if the maximum economic growth assumptions come true, the outlook for gas exports would still be only moderate.

[Answer] As I understand it, if the domestic growth predictions cited here are correct, and if the reactivation of the petrochemical industry based on gas actually comes to pass, the possibilities for exportation--if they exist at all--will not be as great as was originally thought. Otherwise, we would be taking for granted that these projects would not be carried out, that Argentina would not grow. If that were the case, there would undoubtedly be enough gas to export.

[Question] The exportation of petroleum is a matter that also figures in the plans of the economic team. What do you think are the prospects for this endeavor?

[Answer] I don't think petroleum can be exported because there are not enough proven exploited reserves to suggest a surplus, and because even the current production of 28.5 million cubic meters would have to be cut if deposits were all exploited rationally. Only by maintaining the lax attitude of the past 50 years can we stay at this level. If we tried to export, we would have to be even less stringent, or admit that the country will remain in a recessionary economic situation. There are not enough explored areas to do more than simply make up for the natural decline in current reserves, calculated at some 2.5 million cubic meters per year.

Furthermore, to assess the problem correctly, we must bear in mind that the reserves are not unlimited, and that it will become increasingly difficult and costly to continue exploiting them here and in the rest of the world. Much of the planet's reserves are located in places it is difficult to gain access to, such as the depths of the ocean bottom. This means that investment requirements soar to new heights.

The figures relating to investments already made and to be made in the petroleum industry are illustrative: of the 160 billion cubic meters that exists in the world, 60 billion has been consumed since the middle of the last century, when the oil industry was born at the Drake Well. The remaining 100 billion cubic meters is almost completely developed. Not counting operational expenses, the extraction of the gas to date has required an investment of \$4 trillion (4×10^{12}), but in the future that investment will be multiplied two to three times, because of the difficulty in locating deposits. In short, petroleum will become increasingly expensive.

Returning to this digression, and focusing on our country, I believe that it is impossible to think of exporting petroleum without having enough developed areas, and that it is inappropriate to do so without considering

the requirement of a rational exploitation of deposits. If trying to get out more liquid means throwing away more gas, that irrational procedure, far from solving problems, would create more in the future.

8926

CSO: 3010/2130

CORRESPONDENT REPORTS ON RUMBLINGS OF MILITARY COUP

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Aug 82 p 10

[Report by Hugo Martinez]

[Text] Buenos Aires--"There are attempts to destabilize the government and I consider hypocritical those who seek to justify those aims, appealing to the interests and needs of the poorest classes when in fact they are only going after their own interests." With that statement, Labor Minister Hector Villaveiran admitted the existence of plans for a coup against the government of General Reynaldo Bignone.

The minister declared that the number of "advocates of the poor and the needy" has grown considerably in recent days, "seeking to take advantage for their own benefit of the critical economic situation with the wage squeeze."

A military source confessed to O ESTADO that these days the Bignone government is going through its time of least stability." That same warning was given by the newspaper AMBITO FINANCIERO, which in yesterday's edition noted the "increasing and constant rumors of a coup d'etat."

The stories are that there are two types of coup being prepared: one is of a nationalist, authoritarian nature prepared to "moralize" the regime with the arrest of many prominent political figures, especially those responsible for the nation's economy during the past 6 years. "This would be a sort of Khomeyni-type coup (similar to that of Ayatollah Khomeyni), intended to achieve the moralization of the country by punishing some of those responsible for the crisis," according to a political leader linked to the armed forces.

The other possible coup would be of the populist type, justified as the way to insure the continuity of the process of democratization with the handing over of power to civilians in March 1984.

But General Bignone's political sensitivity has sharpened: the day before yesterday, he reacted immediately to the statements of the Air Force commander, Brigadier Brasilio Lami Dozo, advising that there will not be an official party to run in the forthcoming election. Lami Dozo had proposed the creation of government party as a means of insuring the continuity of the process of national reorganization.

But Bignone's contrary reaction was not the only one; the parties also criticized Lami Dozo and observers declared that after 6 years of failed successive military regimes, there is not much that can be done to defend the process and any defense of it that is made will be received in a negative way. "It is better not to divert efforts in vain because it can lead to a repetition of the 1973 situation, when the government party got only 1 percent of the votes," say the observers.

Domestic economic and financial sectors support a military coup because they feel directly hurt by the economic measures adopted by the present government. These sectors criticize what they term "a financial system supported by almost 120 circulars of the Central Bank which nobody understands and which require new explanatory circulars every day." They also criticize the new exchange system and demand the formation of a government that supports negotiations for refinancing the foreign debt.

Central Bank sources revealed that the president of the bank received a letter from the director of the Central Bank of England advising it to influence the political power structure to call the Malvinas issue closed in order "to arrive at a sensible agreement on economic and financial matters--a rather strong pressure and difficult of refusal by the president of the Central Bank of a peripheral country.

But observers believe that the pressures for a coup d'etat do not come from abroad. They declare that there is no foreign interest in promoting a coup in Argentina because there are no guarantees that the new government that will emerge from that movement will be more representative than the present one and will act in a more consistent manner.

In any case, that sector supports the recomposition of the military junta, as the supreme authority of the state. Italian Foreign Minister Emilio Colombo is scheduled to arrive in Buenos Aires on Sunday, but there is no expectation that he will be the bearer of a common plan from the European Economic Community (EEC) or that he will present a specific program aimed at restoring relations between his country and Argentina.

But military sectors attribute special importance to Colombo's visit and believe that in some way that visit will contribute to improving the climate of political instability in the country. They believe that the Italian foreign minister's visit may be an obstacle to a possible coup attempt. In that connection, observers recall that Argentina had a coup d'etat during the visit of a European political figure: it was when Prince Philip of Edinburg visited Buenos Aires that the military deposed President Arturo Illia of the Radical Party. But there are those who say that the prince did not hold a specific political position, such as the foreign minister.

There is no doubt, however, that the proposal of Air Force Commander Lami Dozo to create an official party contributed to increasing that instability. A former minister of the present government said that Lami Dozo's "statement was influenced by young officers of his branch and other military forces."

But the agitation caused by his words weakened the government despite the fact that they were not strong enough to encourage other sectors concerned in overthrowing the regime.

"They caused damage without promoting solutions," said a politician linked to Admiral Emilio Massera, referring to Lami Dozo's statements. The center-right leader, Francisco Manrique said: "I felt like a guinea pig, exactly like a small animal without the means of expression and at the mercy of the food that man considers desirable."

A former minister told O ESTADO that the "weak point" of the military is the question of those who have disappeared. He explained that that question still upsets the left and all the parties that were affected by cases of that type and which occurred with some of their members or collaborators. That former minister declared that the armed forces are concerned about the threats made by the Peronistas and the Radical Civic Union (UCR), of judging the military for those crimes and for other "excesses" committed during the period of repression. And that is the picture--of fear of the fulfillment of the threats by the parties, of economic crisis and of division in the armed forces--that comprise the pre-coup climate. There are those who say also that that coup is overdue and that there is not the slightest possibility of checking that movement.

8711

CSO: 3001/218

SOCIAL UNREST, ECONOMIC FACTORS UNFAVORABLE TO POLITICAL CLIMATE

Buenos Aires LA NACION in Spanish 1 Aug 82 pp 10-11

[Article from the "Political Week" column: "The Enemies of Normalcy"]

[Excerpt] Looking back over the past 15 days, we can state without fear of error that what is uppermost on the minds of the people governing Argentina today and of those who have reasonable ambitions to do so in March 1984 is also uppermost on the minds of the man in the street: Is the institutional normalization process barely under way controllable? Under current political, economic and social conditions, we can only hazard a guess. If to this we add the excessive burden of incredulity and disappointments that the general populace is shouldering, we can see all too clearly that our government leaders and our would-be leaders have a joint responsibility not only to guide the process with assurances of success but also to ease this dangerous burden.

Since the ban on politics was abolished and the party campaigns began (campaigns at times aimed more at attacking the government than at clarifying their own problems), the citizenry, which will be called upon to render judgment in the ultimate democratic competition, has once again been subjected to a situation that is all too well-known in Argentina. The social fabric is being pulled apart from the two extremes of the broad spectrum. On the one side there are political or quasi-political groups and sets of initials that have historically had no significant electoral backing but which have access to public opinion in times of crisis like these. And on the other side there are the military government circles that have been deeply affected by the persistent hostile actions of the former. Both camps, which are, of course, irreconcilable and on the fringes of the politics advocated by an overwhelming majority, are attempting to influence public opinion, while taking it for granted that the country is not in a position to govern itself under a constitutional system.

This psychological process has become such a major factor over the past 15 days that it cannot be overlooked. At times it can even be perceived, almost subliminally, in the mass media, because in the final accounting, it is part of the political realities that they report on. The long-range effect of this harmful situation is that the average voter's attention is diverted from the major problems that he ought to be analyzing

while he is "saturated" with the certainty that a constitutional system is unworkable. In other words, the process of institutional normalization is being undermined at its very foundation, the citizenry.

The Conditions of the Process

In a society like ours, in which the political center is extraordinarily broad, the electorate cannot be pulled towards the extremes of the spectrum. Therefore, the actions of extremist right- or leftwing minorities can aim only at undermining the system, as has been done repeatedly here.

The problem arises in the political parties that have the programs and the numerical strength to come to power. We have seen it again in recent days, to the extreme that Peronist leaders, for example, had to caution, regarding the public acts of their fellow party members, that such methods lead to coups and chaos. Unfortunately, the extremist factions usually make the biggest impression on the public in these instances, while their natural adversaries, the moderates and the institutionalists, prefer to avoid the dangers of the imbalances that would arise if they faced off against the fringe groups and took the same latitude they do.

In a nutshell, the country's institutional reconstruction will be taking place within a context that, albeit considerably broader, in substance (the type of approach) is not much different from the context characterizing the reorganization of each of the parties: in both instances the extremists are endeavoring to exacerbate the crisis to undermine democratic civic action.

Naturally, there are enough reasons for social unrest in Argentina today for this tugging from the extremes of the political spectrum to have an effect. The economic crisis is perhaps the most immediate reason because of its impact on individuals and families. In this connection, where the government has opted for "ad hoc measures" instead of developing a policy, observers are uncertain, and economic and social developments during the critical months of the institutionalization process are not guaranteed to be favorable to the moderate factions of the major political parties.

The other major ground for insecurity is the fragmentation of the Military Junta as the holder of constitutional political power, thus leaving the government in charge of guiding the normalization process without a well-defined framework of authorities. The commander in chief of the army himself, Lieutenant General Nicolaidese, has just described this situation as open-ended, while the governing arrangement in effect before the breakup of the junta is still formally in place. Meanwhile, the navy and the air force have reserved the right to take part in fundamental State functions, which they have not spelled out either. It would seem obvious that such functions include the normalization program, to judge by the presence of delegates from the two branches at the recent meeting with President Bignone at which the draft parties statute was explained.

The Role of the Multiparty Group

"If the political forces that are being subjected to the strongest splinter group pressures are the two biggest parties in the Multiparty Group," remarked a leader of the alliance on Friday, "then the group should somehow respond by becoming if not an ally of the government, at least a staunch partner in the constitutional normalization plan."

Within Peronism, Dr Angel Robledo tacitly shares this idea in noting that the Multiparty Group has not made its future role sufficiently clear, though it has definitely come out in favor of strengthening the process of normalization. Both the former minister and the party's vice president, Deolindo Bittel, have been among the politicians who were most upset about the "acts of demolition" by their fellow party members Vicente Saadi and Jose Maria Rosa.

In the days to come the alliance of "the five" will consider whether it ought to take a definite stand on the danger that these situations and these attitudes pose to the electoral process. For their part, the Radicals would prefer not to delve further into the matter, so as not to aggravate their internal squabbles.

Radicalism and What's to Come

A quick survey among top Radical leaders disclosed that the country's oldest party is concerned about the statute only in connection with how promptly it takes effect (not before 15 August, in any case).

The party's concerns about its reorganization, on the other hand, are dominated by the firm assumption that the UCD [Radical Civic Union] could have "a flood of new members during the coming stage." In discussing the issue, Dr Antonio Troccoli spoke to LA NACION in terms of "hundreds of thousands," but with some understandable reservations.

For some time now the UCR leadership has had technical groups conducting opinion and political leanings surveys, which indicate that growing numbers of people would like to get involved. "There is an explosive demand for participation," Troccoli reaffirmed, "but we should ascertain now whether this is just a state of mind or whether people have really decided to get involved in politics through the parties."

The Twilight of Political Folklore

Both these surveys and the congresses that the Radicals held on the economy, education and public health 2 years ago are telling observers that there has been a "qualitative change" marked by the "unprecedented incorporation of intelligentsia into the party (one of the observers says), which leaders will have to accommodate in a considerably more complex national framework." "This," another observer says, "should put an end to what was pejoratively called the guitar era." For his part, Troccoli cautions that if the mass involvement forecast by the

surveys comes about, recruiting methods will be substantially modified, because the old point-man [puntero] system will be eclipsed.

Those involved in this analysis gather from this that the system of drafting election lists will also be modified, with the traditional recruiters losing influence in them. In recent years party authorities have heard about more than 200 small or medium-sized institutes or study groups in the interior of country, which will now surely become recruitment centers.

The Supposed Final Scenario

Because of these opinions polls and the alleged qualitative change, the men of the National Line have concluded that the internal struggle with the Renovation and Change Movement has been resolved in their own favor without a shattering of party unity. Beyond this, they are assuming that within a year and a half they will be vying "head to head with Peronism" in the Electoral College for the selection of a president and vice president. They do not feel that the future elections will produce an absolute majority, as was the case with Agustin P. Justo and on three occasions with Juan Domingo Peron.

This, then, would be the possible timing and circumstances of what many political observers now consider an option: a pact between Peronism and the Radical Civic Union, within the framework of their common ground in the Multiparty Group. "If you had asked me a few years ago whether Radicalism could subject its traditional independence to a pact, I would have said no; today, I wouldn't know what to say," Troccoli told LA NACION. For his part, former vice president Dr Carlos Perette had accepted this hypothesis during the anniversary meeting of the Multiparty Group. The president of the party himself, Dr Carlos Contin, has not ruled it out either. The idea of sharing even Executive Branch power has taken firmer shape in recent weeks with the analyses of the possibilities that could arise in the Electoral College. "The important thing," Troccoli told LA NACION, "is that there not be a predominant force in a democratic country, because if there isn't, almost everything can be resolved."

8743

CSO: 3010/2125

RAYMONDA ON STAGES, MEASURES DURING TRANSITION PHASE

Buenos Aires CONVICCION in Spanish 29 Jul 82 p 28

[Interview with Dr Rafael Martinez Raymonda, the head of the Progressive Democratic Party (PDP), by Julio C. Macchi, at his office in Buenos Aires; date not specified]

[Text] "Once more we are headed for a way out, not a solution," Dr Rafael Martinez Raymonda, the head of the Progressive Democratic Party, stated in describing the current transition to democracy.

In an interview with CONVICCION in his office in this capital, the former candidate for vice president and former ambassador to Italy reviewed domestic current events, evaluated proposals and was unstinting in his criticism.

He began our talk by anticipating an almost mandatory question: "Taking the country as it stands now, in July 1982, for the purpose of analyzing the current political situation here, would be simplistic because we would be overlooking the reasons we have come to this. We are witnessing the end of another military regime, the sixth since the process began in 1930. And like all of the military regimes that promised a solution, it has wound up by seeking a way out."

"This National Reorganization Process is completely different from previous processes, basically because the people who were in charge of it from the beginning had a background and a philosophy that were much closer to democracy than those who began all the previous processes. But then events prevented them from achieving their primary goal (which we as a group supported), which was to make this the last military government so that the political and economic pendulum would stop swinging wildly."

[Question] Will the transition be traumatic?

[Answer] First of all I think that we are once again headed for a way out, not a solution. This is why we brought up the issue of a pact, taking Venezuela and Colombia as precedents.

The Argentine Pact

[Question] Most politicians have cited these examples. Do you think these experiences can be transplanted?

[Answer] No, there is no way they can be transplanted...

[Question] So then, what would an "Argentine-style pact" be like?

[Answer] Let's first begin by asking ourselves: What is the idea behind the pact? Giving ground? Bowing to the law of the jungle? No. Quite the opposite. A pact means reconciling two free wills. If there is no pact, there is imposition. This is the meaning that we attach to our proposal.

[Question] But what does it specifically consist of?

[Answer] It consists of realizing that this is an emergency that we have to get out of. And since we cannot afford to wait until a constitutional government is established to take the economic and social measures that are urgently required, we have to begin right now. And since it would not be a good idea for what gets done during the transition to run counter to what the constitutional government does, our idea is that the emergency period should lead right into the constitutional period. The reason is that none of our economic problems can be resolved during this stage. I think that if we are very lucky, one or two constitutional governments might be able to straighten out the underlying crisis.

[Question] What should the political parties hammer out an agreement on among themselves and with the Armed Forces?

[Answer] In order to have a smooth transition, we must immediately implement a negotiated economic recovery program, make sure that elections are held and basically safeguard the government that emerges from the election, to which end we must not rout the Armed Forces and give rise to the ferment of revenge. Those who are very worried about this military government have to be told that they ought to be much more worried about a potential military government in 1986. That is the one that we have to prevent. And to do this we have to find paths that do not entail confrontation but rather reconciliation and compromise on the basic ground rules, though not on principles.

[Question] Do you think that it's a simple matter to hammer out such a pact under current conditions, with the parties going their own way and without a Military Junta?

[Answer] Frankly, we are drifting away from the optimum conditions for such a pact.

The Economy

[Question] Could we add to this, as many politicians are contending, that the current economic program is not enough to halt the deterioration?

[Answer] In principle this is not a program; these are just financial measures. Whether the orthodox economists, who are no longer accepted in Argentina, like it or not, we have to get our production machine moving again through the most important production sector, which is the domestic market...

[Question] And the only way to do this is by boosting the purchasing power of wages...

[Answer] Of course. And there are several ways to do this, such as family wages, some subsidies...(even though some people think it's a horrible word)...subsidies for some items to prevent inordinate price increases, and by organizing consumers as a force to balance out the oversupplies. We have to make the entire State apparatus serve the consumer. Pricing agreements help here too in a way. The issue is very clear here: the financial policy that allowed an uncontrolled, positive interest rate like in no other country has just been rectified, and the response by certain industrial and business sectors was to make a big issue of it. This shows that we Argentines haven't learned a thing. People will tell me that this will bring very high inflation. Well, I'm telling them that we already have very high inflation and without a reactivated market.

[Question] Cite me one specific move that should be made now.

[Answer] For example, we should create the conditions for stimulating production 20 or 30 days before the wage boosts become effective, so that when the money gets to consumers, merchandise is available to help reestablish the sector, which has to be given true promotional credits, almost interest-free or one percent a month...

[Question] If what you say is correct, and many other politicians feel similarly, why doesn't the government do this and why is it risking these dangers?

[Answer] Well, I find it very difficult to accept that someone can carry his orthodoxy to the extreme of destroying a country, but it would seem that some people are capable of that. In any case, however, I want to let it be known that I am not trying to make a value judgment on the current economic authorities, who have demonstrated the kind of flexibility and resoluteness that the country has not seen for quite some time. There have been mistakes, though, but at least they are determined to change a situation that could no longer continue. But

it would seem that there are interests that are so powerful that they can stop this, even though it could be argued that these interests would benefit from a reactivation...I don't understand it...It reminds of when people say "I don't believe in ghosts, but they exist, they really do." There is no rational explanation for this or for the position of the people who are creating panic in the financial market. What goes on in Argentina is really incredible...

The Foreign Debt

[Question] We've left one element out of this economic overview: the foreign debt...

[Answer] That's a key issue. This is the most acute and difficult issue facing this government, which is going to carry it over to the next one. This time we have to alter the traditional options we have had for renegotiating our debts. We have to negotiate, but not individually, because each creditor will demand something in compensation. One will ask for a hydroelectric project, and another for a road or something else, but when we run out of "presents," the negotiations will come to a halt, and moreover they won't be legitimate. We cannot negotiate comprehensively either, as the foreign banks would like, through the International Monetary Fund, because instead of asking for "presents" one by one, it would dictate our economic policy...

[Question] So what's to be done then?

[Answer] We have to turn the tables. We used to be the ones who had to see what we could do. Not this time. We have to plan our economic policy, determine how much money we have available to pay our foreign debt and then offer it to them so that they can apportion it. If it's enough, fine, and if not...

[Question] And if not?

[Answer] There's no other solution. Now more than ever, and I think this is the key to Argentina's future, we must take a national, not an international approach to negotiations with others. We must not accept the Fund's suggestions for the blueprint that we ourselves have to work out concerning what we can afford.

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CSO: 3010/2125

INTERNAL ATTITUDES WITHIN PERONIST MOVEMENT REVIEWED

Buenos Aires CONVICCION in Spanish 26 Jul 82 pp 6-7

[Article by Diego Dulce: "Peronism Today"]

[Text] The 30th anniversary of Eva Peron's death finds Peronism in full ferment, trying to reconcile its factions and looking forward to reorganizing itself as a party with a view towards again vying for power in late 1983 or early 1984.

The last 6 years have unquestionably been the most trying years for Peronism, with the death of its leader and the regrettable demise of a government that had taken it almost 20 years to bring about.

It would be risky and even dangerous to try and predict the interplay of rapprochements and alliances that might come about in the months ahead. We do not know the complete answer to many basic questions. We do not yet know, the views of certain would-be candidates notwithstanding, what plans Mrs Peron has. We do not know how the responsibilities for what happened to the last constitutional government were apportioned in the eyes of the affiliates. The assimilation of the worker and college youth from the Peronist program and their most recent experience in government are major question marks. No less significant is what the union rank-and-file thinks of their leaders' performance over the past few years.

Meanwhile, however, the leaders and the political analysts are working on their hypotheses, putting together their pacts and seeking an advantageous start to their campaigns.

Any rundown of the movement's factions must begin with the party authorities, although in no way are they an even moderately homogeneous group and perhaps they don't even represent Peronism's underground currents.

In the absence of a president, the most prominent member of the leadership group is its first vice president, Deolindo Bittel, not only because of his position in the leadership chart but also because of his political skills. In recent times Bittel has brought together the opposing criticisms of the factions that aspire today to party leadership posts. His advisers,

an informal group of experienced politicians who lack their own base however, assert that his mission over these years was to prevent the movement from breaking up and "banning itself." Today, some of them assert that his performance in the Multiparty effort and his dialogue, which has had many critical facets, with internal factions could also enable him to seek a future place in the reorganized party.

Factions that oppose each other over very specific interests have impaired the National Council's image as a true leadership body.

In our quick rundown of the factions we must first of all mention three groups that have their own structure within the movement in almost all districts.

One is headed by former Minister Angel Robledo, the Coordinating Commission of Peronist Action, which recently secured the backing of union leaders from the National Labor Commission (CNT), an affiliate of the CGT [General Labor Confederation]-Azopardo. This is one of the so-called "moderate" factions; it is well-thought-of among non-Peronists, but it has yet to demonstrate its influence among the party rank-and-file. Robledo is today one of the Peronist politicians who has a chance to vie for the leadership of the party and even of the nation.

The second faction consists of the "movement's management and liaison commission," a verticalist faction that has been active in the capital and the interior. Its latest rallying cries have been the vindication of Mrs Peron as the head of Peronism and the need to organize the movement's three branches on a democratic basis, instead of just having an understanding among leaders. This group includes some well-known figures from so-called "historic Peronism," such as Roberto Ares, Ricardo Guardo and Miguel Unamuno and has the support of Benito Llambi, Jorge Paladino and labor leaders like Jose Rodriguez.

The third faction is grouped around Raul Matera, the head of the Doctrinary Reaffirmation Movement, which has the backing of labor leaders from the group of "the 20," which today belongs to the CGT-Azopardo. Due to this faction's open independence and, moreover, because it includes major "neo-Peronist" groups, its internal opponents have placed it on the fringes of Peronism. Next 6 August in Santiago del Estero, Doctrinary Reaffirmation will spell out its criteria for alliances with other groups, criteria that will probably draw it much closer to Angel Robledo.

Aside from these powerful forces, other internal schools of thought have arisen but not yet surfaced in the form of major national groups.

One is the Peronist Harmonizing Current, led by Julio Romero, from Corrientes, which has seen a decline in the support that the union sector headed by Lorenzo Miguel was giving it until a few months ago. Without Lorenzo Miguel, this faction seems to have been reduced to the home province of the former governor, who has carried on his political campaign on the basis of his diametric opposition to former Chaco Governor Deolindo Bittel.

So-called "ultraverticalism," which has stressed its unyielding intransigence vis-a-vis the military governments, called for a wideranging reversal of what has been done over the past 6 years and unfailingly defended Mrs Peron, seems to have suffered a few defections, although in reality it has so far not shown that it has much of a foothold among members. Belonging to this faction are the secretary of the party council, Lazaro Roca, former Senator Martiarena, former Deputy Juan Labake and several minor figures and groups.

Finally, there is Peronist Intransigence, headed by Vicente Saadi, which advocates the radicalization of the movement and is thought to have future chances based on the upcoming appearance of the paper LA VOZ and its yet-to-be-proven ability to organize young people. Intransigence will be staging its first public act today, which will reveal how much influence it really has in Peronism.

Politicians are saying that Robledo has a chance to become president. Italo Luder and Antonio Cafiero are thought to have chances today too.

Luder, a former provisional president of the nation, has preferred to keep out of internal squabbles in recent years, while cultivating a subtle dialogue with all sectors but without coming out publicly for any of them.

Antonio Cafiero, one of Bittel's advisers, has been pointed to as the candidate whom the groups close to labor leader Lorenzo Miguel, from the CGT-Brasil, will reportedly back.

If mathematics could be applied to politics, which is totally unrealistic, we would come up with these equations: Robledo could get the support of the CGT-Azopardo, his own group, Matera's faction and Julio Romero's group, while Cafiero could have the CGT-Brasil and perhaps the remaining factions. Such a hypothesis could lead to a draw, which Italo Luder would take advantage of to portray himself as the "compromise" candidate.

But the leaders and the factions have to confirm their strength in the party elections, and by that time the entire panorama might have changed.

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UIA'S EFFORTS TO FORM SOCIOECONOMIC PACT ASSESSED

Buenos Aires CONVICCION in Spanish 29 Jul 82 p 8

[Article by Jorge Castro: "The Socioeconomic Pact as a Political Expression"]

[Text] The Argentine Industrial Union (UIA) has decided to establish official contacts with political and labor union sectors in order to develop, along with the State, "...a great economic and social pact." There can be no question that given the circumstances, the proposal carries deep political meaning. Argentina is experiencing what could, strictly speaking, be called a crisis involving the breakup of the State, as illustrated on the surface by the rift among the three branches of the Armed Forces and deep down by the very presence of a military government, in other words, an emergency and, by definition, temporary regime that should tend to disappear as crisis follows crisis.

The entire problem, then, consists of knowing what to do to reestablish the State. Politically speaking, this is number one, the primary thing, that which determines everything else, and in the first place it means any sort of idea or program for sustained economic development and modernization.

What does rebuilding the State mean? It means reestablishing a tool of action, of ambition, of results, a tool based on an acceptance by the majority of the populace.

What populace? An amorphous, atomized mass like at the turn of the century, made up of millions of isolated individuals, or, on the contrary, a society firmly organized around various interests and that has long ago left behind any atomization or amorphousness? There is only one answer and it does not admit complications: This is a society of powerfully organized organizations, and it will always, irreversibly be one. Moreover, to a certain extent it is an overly organized, "associative" society in which organized groups tend to carry the logic of their interests to an extreme, precisely because the crisis of government, of the State makes it impossible to moderate them and compensate them mutually. On the contrary, organized groups usually make use of the State to pursue their own interests to the detriment of the theory and practice of the common good.

How then to rebuild the State? By uniting the power that is dispersed in our society in the form of the organized groups, by giving them a single direction under a socioeconomic pact, on the one hand, and, on the other, by vindicating the republic, that is to say, a State founded on the principle of representation, the main governing tools of which are the political parties and whose legitimacy can be achieved only through elections.

The rebuilding of the State thus requires a dual institutionalization: the institutionalization of the private factors of power, which are powers, though private ones, whose strength must be utilized and, at the same time, disciplined, and then, the essential element, the reestablishment of the republic through its principals: the political parties. In other words, rebuilding the State means strengthening State (and, hence, national) decision-making power over private economic interests or, what boils down to the same thing, giving the political parties, which by definition and out of necessity seek to represent the populace, in other words the general public, true ascendancy over private power factors, which all their importance notwithstanding, must be subordinate if the republic is to exist, and not as it is now, a defenseless tool with neither goals nor a spirit of its own, a tool that organized groups use constantly and exclusively for their own benefit.

The task, thus, is to expand the institutional framework until it encompasses the entire society, while guiding the private power factors towards "a great economic and social pact," which at its core is essentially political. In this way, the decision-making power of the State can be bolstered and the State rebuilt by giving it the means to guide society along a single path towards public goals or goals of the common good. Only such a State, as part of a republic and led by political parties that truly represent the populace, can tackle and accomplish the most difficult and at the same time the most fundamental task: to subordinate Armed Forces that are accustomed to looking at a weak, illegitimate State that lacks firm foundations and credibility or to exercising political power directly, without any intermediaries, for years and years on end.

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PRESS COMMENTARY ON ADVISABILITY OF RENEGOTIATING DEBT

Opposition Candidates Favor Renegotiation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Aug 82 p 5

[Text] The candidates for governor of Sao Paulo for the PMDB [Brazilian Democratic Mobilization Party], Franco Montoro, and the PT [Workers Party], Luis Ignacio da Silva, favor renegotiating Brazil's foreign debt, which was also criticized last night on the TVS Ferreira Neto Program by the PDT [Democratic Labor Party] candidate for governor, Roge Ferreira. Although also invited to the debate, the candidates of the PDS [Social Democratic Party], Reynaldo de Barros, and the PTB [Brazilian Labor Party], Janio Quadros, did not appear.

For Luis Ignacio da Silva, "the first thing to be done in this country is to find out who is responsible, find out who incurred the foreign debt. That's because it wasn't contracted for the benefit of the Brazilian people. It was incurred to benefit some business firms, a group, some multinational companies. So, first of all, let's find out who incurred the debt so that later we can discuss who pays it.

"They contracted for construction of the Rio-Niteroi bridge and the nuclear power plants when the Brazilian people needed rice, beans and schools. One of the things that brought this country to the 1964 military coup," the PT candidate continued, "was a foreign debt of \$5 billion. Today it is \$70 billion and the interest alone is \$12 billion. For that reason I think the best thing to do is to freeze the debt; revive the nation domestically and then take care of the debt."

Franco Montoro recalled that ex-president Castello Branco, in taking over the government, considered the foreign debt at that time, which was \$4 billion, "a scandal." Montoro then asserted: "Today it is not Brazil that administers its debt, but the debt that administers Brazil." He also spoke of Brazilian cabinet members who "go abroad hat in hand to contract new loans," and told how one of these cabinet officials was honored by a front-page story in a British newspaper because he agreed, in contracting the loan in Great Britain, to also purchase some British ships and trains, thus reducing unemployment in that nation. "In Brazil, meanwhile, workers in these same industries were being laid off in great numbers because the work they could have done was purchased ready-made in Britain," he said.

Roge Ferreira felt that, with a debt of this size, "Brazil does not have any economic freedom and its political freedom is being threatened." He said the first

initiative of ex-president Castello Branco upon taking over the government after the 1964 Revolution was to revoke a law that prevented repatriation of profit. He said further that "the form chosen by the government to handle problems of this sort is the worst of all: rolling over the debt as if it were a snowball, but it will certainly become an avalanche."

The Ferreira Neto Program began to be recorded yesterday at 2030 hours, after which the producers decided to await the arrival of Reynaldo de Barros and Janio Quadros for 30 minutes. The station rebroadcast it after midnight.

At the opening, the announcer reported that all had been invited and that Ivete Vargas told him she had persistently asked Janio Quadros to attend. The latter, however, refused to continue talking with her and hung up the phone.

Regarding Reynaldo de Barros, he reported that the ex-mayor told him he would rather "go around inaugurating street lighting in the outskirt communities than participate in a debate with the other candidates." The chairs where Reynaldo de Barros and Janio Quadros were to have sat remained vacant during the program.

Businessman Sees Crisis Looming

Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Jul 82 p 17

[Text] "Brazil's foreign debt is monstrous, and with the high interest rates prevailing in the international market and the payment deadlines the nation faces, it will never manage to pay it off. For this reason it would be advisable if the Brazilian Government, using its good diplomacy and the nation's viability, would advocate renegotiating the debt of Third World countries, proposing reorganization of the international financial system and creation of a currency stronger than the dollar, with real backing."

The author of this proposal is Paulo Jose Possas, director of the Bonfiglioli Corporation, which controls a group of industrial firms (CICA), the Banco Auxiliar of Sao Paulo and other companies. Possas says he is convinced that in the short run there is no path to be followed other than this one, as the international financial market is approaching an unprecedented crisis. "Capital is being diverted from production to financial speculation. Many U.S. banks are already failing and we shall soon see the bankruptcy of Wall Street, because the debtor countries cannot meet their obligations."

In his opinion, this crisis is an extremely opportune moment for extensive reform of the international financial system, with adoption of a new currency. This currency would not be backed by gold, but by a basket of about 60 commodities, which not only would permit a reduction of real interest rates but would also lead to stabilization of raw-materials prices; issued by a development bank, "the medium-term results would be fantastic. There would be a new explosion of investment and a recovery of the world economy."

U.S. Banker Opposes Renegotiation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jul 82 p 30

[Text] Rio de Janeiro--The Bank of America's vice president for Brazil, Joel Korn, asserted that renegotiation of Brazil's foreign debt "would be the worst thing this country could do," because then foreign bankers would not increase their loan limits and there would be higher "spreads" (rates of risk).

In showing yesterday in Rio the importance the country represents for the Bank of America--the largest banking establishment in the world and Brazil's third largest creditor--Joel Korn pointed out that Brazil's foreign debt "is very well managed, to the point of reducing its rate of growth along with a high rate of punctuality in making payments on its service."

In his opinion, there is a widespread negative feeling in Brazil about the situation of the national economy, even among some government officials, "which is really contradictory, in that it threatens the whole economic policy put into practice in the nation, the favorable effects of which are being noted." After asserting that "if we begin projecting a negative image, this will eventually take hold, thus creating an unfavorable climate for Brazil in the international financial community," he announced that the Bank of America will continue, as much as needed, to expand its operations.

Although acknowledging that the world economy "is headed for chaos," Joel Korn said that Brazil will come out of this situation very well, simply using the mechanisms of the international financial system, because "now, more than ever, Brazil is the only hope of the Western World."

He justified his point of view by recalling that the situation of the Brazilian economy is much better than in September 1980, when the government made profound changes in its policy. "Things are better now, so much so that the Bank of America, although acknowledging the existing needs, will maintain with Brazil a firm and irrevocable commitment through continued support for the private financial system, as we are not yet permitted to open agencies in the nation, due to questions of reciprocity," he added.

For the vice president of the Bank of America, the low credibility among Brazilians themselves about the success of the nation's economic recovery is mostly emotional. And he explains: even though this is an election year, there was some relaxation of monetary controls. As the projected goals were quite optimistic, a certain amount of uneasiness was generated to the extent that it became likely they would be surpassed.

'Only a Last Resort'

Rio de Janeiro O GLOBO in Portuguese 28 Jul 82 p 19

[Text] Sao Paulo--The chairman of the Board of Directors of the Security Pacific National Bank, Richard J. Flamson III, admitted yesterday there are a number of countries that, unless the world economy soon shows signs of recovery, will be

forced to renegotiate their foreign debts with international bankers. Asked whether Brazil is among them, the Security Bank chairman said the question should be asked of Planning Minister Delfim Neto.

"Brazil has made a great effort to avoid renegotiation. I would not really recommend this procedure to Brazil, because its future cost would be great, as it would then become much more difficult to borrow money. Renegotiation is always a possibility, but it should only be considered as a last resort. Have you ever seen a banker do a favor without asking for anything in return?" said Flamson, whose bank is the 10th largest in the U.S. economy, having loans in Brazil of about \$500 [sic; \$500 million?].

According to Flamson, the bankers could, through renegotiation, postpone the debt's repayment deadlines, but in return they would demand higher interest rates.

No Collapse

According to the Security Bank chairman, developing countries are not on the brink of financial collapse, despite the "worrisome" level of their debts with international bankers.

"All debtor nations cannot be put in the same basket. It is necessary to separate borrowers who do not have natural resources and are experiencing explosive population growth, on the one hand, from those who have natural resources and whose loans are based upon solid projects. Brazil fits into the latter category and although its foreign debt is now large it will become steadily smaller in the future," the board chairman said.

In his opinion, the nation's financial situation would be much more credible today if Brazilian exports were in the neighborhood of \$30 billion. But, as this is impossible in view of the contraction of world demand and bankers "have already sunk enough into Brazil," the posture adopted by the international financial community is "neither optimistic nor pessimistic, but realistic," according to Flamson.

"Proof that Security Bank has confidence in Brazil is shown by the fact that we will raise the 'country limit' (maximum credit that each country can borrow from banks) for loans to Brazil," the banker said.

According to him, the spreads on Brazilian loans are high "because Brazil's debt is high."

He also asserted that Security Bank is optimistic about the reduction occurring in interest charged by U.S. banks to their preferred clients (prime rate).

"The expectation is that interest rates will continue to fall for a long period. A longer period of lower rates will depend upon the success of U.S. policy in fighting inflation," Flamson stressed.

In his opinion, there is a great effort by U.S. banks to reduce rates, the first condition for a sure recovery of the world economy. This recovery, which will take place first in the developed countries, will be very important to relieve the economic crisis of debtor countries, he concluded.

Editorial Advocates Renegotiation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Aug 82 p 3

[Editorial: "Government Opens Economic Debate"]

[Text] Before an audience of businessmen who did not hide their concerns about Brazil's present predicament, [Planning] Minister Antonio Delfim Netto made perhaps one of his most important speeches, choosing a new style: that of dialogue. In fact, in ending his cautious speech, the SEPLAN [Planning Secretariat] chief was quite explicit: "I wish to express my satisfaction in seeing that Brazilian society is freely and openly exercising its right to debate the course of our economy," and shortly added: "The government does not have the pretension of giving the last word in this debate."

It was indeed a dialogue that the planning minister made an effort to hold in analyzing the main "prescriptions" suggested in recent months to solve the impasse. He did so without resorting to the aggressive and sarcastic style he has so often used. On the contrary, he appeared humble and open, without reasserting the aplomb that his public was certainly expecting. He made himself available to the nation for a dialogue that, we hope, will be continued.

He spoke about four proposals for changing policy: shock treatment, control of the government deficit, interest rates and management of foreign accounts, successfully summarizing the major options suggested thus far.

Early reactions to Minister Delfim Netto's speech seem to us to be based on an erroneous interpretation, in suggesting that the SEPLAN chief adopted a defensive attitude and ruled out changes. A closer reading of his words shows, on the contrary, that he is open to many changes. The planning minister's position against shock treatment was certainly the part that pleased his audience the most. The experience of 1981 showed the high social cost of a recessionary policy and, to a degree, the fragility and insignificance of its results. The minister justified with sound arguments his aversion to this solution.

This does not mean, however, that he is unwilling to take some measures to change the situation. This was brought out clearly in the analysis he made of the problem of across-the-board indexation of our economy, when he said that: "In this discussion about indexation there is quite a bit, however, that requires study." He is proposing a debate on the subject in order to arrive at a consensus, suggesting temporary suspension of across-the-board indexation. He explained his position even better, incidentally, in the interview that preceded the luncheon, in admitting that [monetary] correction could be only a percentage of inflation.

In regard to controlling the government deficit, it would likewise be unfair to assert that Minister Antonio Delfim Netto rejected any suggestion for change: in fact, the recent preparation of the Multiyear Consolidation of Government Programs, which implicitly suggests profound modifications of our policy, demonstrates the contrary. In effect, although the planning minister claimed to be skeptical about abrupt elimination of subsidies, he left it quite clear that: "No subsidy, to any activity, should be permanent." He was quite clear as to the need to revise some

public-sector programs incompatible with international conditions and their consequences on the Brazilian economy. He mentioned one program specifically: the nuclear program.

The planning minister expressed himself much more firmly regarding the problem of domestic interest rates and some suggestions about management of external accounts. It is on these subjects, intimately related, that we would disagree with the minister, since he is open to dialogue and does not intend to give the last word. We cannot deny that as long as we do not solve the balance-of-payments problem the government's margin for obtaining a reduction of domestic interest rates is quite slim; we are simply asking whether it is normal, at a time when foreign rates are falling, for domestic rates to remain unchanged and even rising. How can it be explained, furthermore, that the real rate of interest is so high and so far from the real rate abroad? It would no doubt be necessary to find solutions to end abuses and we might ask whether, even at the cost of greater credit expansion, it would not be possible to reduce rates and at the same time one of the factors of inflation that indirectly (through the exchange risk) blocks attraction of foreign funds.

But, if we have such high interest rates due to the need to borrow foreign funds, why not attack the disease at its roots; that is, think about renegotiating the foreign debt before it indeed becomes imperative? The argument of Minister Antonio Delfim Netto that renegotiation requires the agreement of two parties is not convincing. In fact, unless we take the initiative of proposing such renegotiation, it will not come about very soon. Nor does it seem entirely correct to say that all countries that have renegotiated their foreign debt had to pay a very high price. It must be borne in mind that Brazil would not be requesting such a renegotiation due to having been reckless in contracting loans, but rather because the quasi-contract it had with the international community was torn up unilaterally and not by us.

Minister Delfim Netto was willing to open the debate: that is a very favorable note. We are sure that changes will have to be made. But we hope these changes will arise from a consensus in which the government refrains from offering its prescriptions without being willing to discuss them with the nation.

More Assertive Attitude Urged

Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jul 82 p 2

[Editorial: "Renegotiation of the Debt"]

[Text] It has been reiterated to satiety that the great obstacle set before development of the Brazilian economy is the world economic crisis. This crisis, from Brazil's point of view, results essentially in deterioration of the terms of trade, cooling-off of demand for our export products and higher interest rates on the debt and on new foreign loans.

To illustrate the magnitude of these adverse impacts, one need but mention that the index of the nation's terms of trade (which measures prices of our exports divided by prices of our imports) has fallen uninterruptedly since 1977, being equivalent

today to about half what it was in that year. It is the sharpest decline we have had since the world crisis begun in 1929. Moreover, international interest rates, which at the end of 1978 were less than 12 percent, are now over 16 percent. This is without taking into account the sharp increase in "spreads" paid by Brazil (percentage points added to the basic interest rate, presumably to account for the "risk" our nation presents).

As is obvious, these problems have aggravated our dependence on foreign credit and considerably weakened our resistance to the turbulence involving the world economy. Brazil's net foreign debt has grown exponentially and should reach, by the end of the year, something around \$65 billion, about 15 times the level of 1970. And this is without counting the \$10 billion of very short-term debt that is not registered by the Central Bank. Today, Brazil's new foreign borrowing is mainly to pay interest and principal on existing debt and it will be for this purpose that this year the nation will have to borrow no less than \$17 billion abroad, more than \$15 billion from international financing agencies and banks.

In regard to Brazilian exports, the whole tremendous effort to keep them growing did not prevent their declining about 13 percent (in value) during the last 6 months (January through June), making the predictions by the Central Bank at the beginning of the year totally unrealistic.

It is important to note that this decline is not due to any failure of domestic economic policy, such as a lag in exchange devaluation or any other disincentive to exporters. Had that been the case, we would have had a decline in the physical volume of exports, which did not occur. The fundamental variable in this case is lower prices for Brazil's exports. Thus, the average value per exported ton of commodities fell about 13.3 percent in January-through-June 1982, compared with the same period in 1981; for semi-manufactured and manufactured goods the decline was even greater, being 18.6 and 27.7 percent, respectively.

Within a framework of extreme difficulties in the balance of payments, the therapy considered orthodox in the traditional economics textbooks is relatively simple to formulate. Essentially, the prescription is to cool off domestic economic activity in order to diminish imports as well as to reduce the relative price of export products (by use of maxidevaluations, for instance) and raise domestic interest rates in order to encourage entrance of [foreign] equity capital. It is predicted that this treatment will be effective in relieving pressure on the balance of payments until the cause of disequilibrium is eliminated.

As a matter of fact, the above prescription was adopted by the Brazilian Government during the last 2 years, except that there was no maxidevaluation, which had been tried, without any success, at the end of 1979. But, in any event, during the past 2 years export incentives (in practice, subsidies) were strengthened. And, notwithstanding the high social cost of the orthodox prescription, in terms of less production and employment, its results were, to say the least, poor. Of course, imports fell sharply (about 13.3 percent in volume during 1981 and 13.4 percent in value during the first half of this year, compared with the first half of last year). However, the deficit in Brazil's balance of payments at the end of 1980 was predominately financial, so that the 1981 trade surplus did not reduce it significantly.

Moreover, the weakness of foreign demand made the desired expansion of exports impossible to accomplish; foreign interest rates remained high, including the "spreads" paid by Brazil which, more than risk exposure, depend upon the volume of funds the nation needs.

The relative failure of the orthodox strategy to counter the disequilibrium in the balance of payments was not really a surprise, as many sectors, including FOLHA DO SAO PAULO, foresaw their inappropriateness. The basic reason is that recessionary therapy is not capable of coping successfully with balance-of-payment problems, which are by nature /structural/ [in boldface]. In other words, they are problems that reflect major maladjustments in the functioning of the economy and its economic and financial relations with the rest of the world and that can only be solved through investment policies and changes in the productive structure, whose effect is over the medium and long run.

In keeping with the permanent situation of serious external disequilibrium, there is no lack of those who, directly or indirectly, support the idea that it will be necessary to induce another recessionary cycle to combat this disequilibrium effectively. Behind this proposal there is a certain justifiable skepticism about the possibility of a rapid and vigorous growth of exports and/or a significant reduction in international interest rates.

In any event, repetition now of the orthodox prescription would certainly have a higher social cost, if only because it would be applied to a considerably weakened economic system and would aggravate an already serious unemployment situation. Moreover, its effectiveness would be even more uncertain. In fact, if analysis of Brazil's own experience is not enough, the vicissitudes of Argentina and Chile emphatically demonstrate the high price and the futility of orthodox policy.

In view of this situation, outside of medium- and long-term measures to bring about structural changes--a policy the government has not been implementing in any significant way--what alternatives other than the orthodox one remain for the balance-of-payments problem?

The idea most frequently discussed as an alternative to present strategy involves renegotiation of the foreign debt, suggested by some sectors of economists and businessmen. Such renegotiation should lead essentially to an extension of repayment deadlines for the debt and revision of the size of spreads now being charged the nation. This without requiring a domestic economic policy of drastic recessionary cuts.

Objections to this idea have been of two sorts. On the part of government authorities, replies more adjective than substantive, seeking to disqualify its proponents. On the other hand, less emotional reactions of specialists and businessmen invoke the argument--certainly worthy of consideration--that foreign banks would not agree to a negotiation on terms acceptable to Brazil.

It seems to us, however, that the skepticism about the validity of renegotiation amounts, in practice, to a failure by Brazil to exert the bargaining power it certainly has abroad, due not only to the volume of its trade (and its imports) but also to the size of its debt. In this respect it should be noted that not only do

the fortunes of Brazil's economy depend on its creditors, but also the stability of the latter depends upon the possibility that Brazil will come out unscathed.

However, what we have seen so far is the nation's predominantly passive attitude toward its foreign creditors, trying to prolong a situation that in the course of time is clearly becoming unsustainable. In this context it speaks volumes to recall that we are paying the price of a harsh recessionary policy in 1981-82 without, on the other hand, obtaining any significant concession from international financial circles.

Certainly, a process of debt renegotiation tends to be complex and to require sound tactics and a carefully planned agenda that could require prior understandings with the home nations of the foreign banks and, perhaps, concerted actions with other debtor nations. Moreover, that process certainly involves costs and conflicts. But such problems should be compared with those arising from the alternative of letting the foreign debt continue to administer the Brazilian economy.

8834

CSO: 3001

CENTRAL BANK: GOLD RESERVES TOTAL 80.4 TONS

Rio de Janeiro O GLOBO in Portuguese 28 Jul 82 p 21

[Text] Brasilia--Brazil's international gold reserves last week totaled 80.4 tons for a value of \$832.5 million. That announcement came from Carlos Geraldo Langoni, chairman of the Central Bank, who added that 31 percent of the country's gold reserves--25.1 tons--were acquired over the past 2 years following the start of work in the Serra Pelada goldfield in Para.

Langoni added: "We are making every effort to accumulate gold. The quantity at our disposal is modest compared to that held by other countries such as--for example--Portugal and Spain."

Despite the increased quantity of gold added to the reserves, its value in foreign exchange has not kept pace with that growth because of the drop in the price of gold on the international market. Langoni hopes, however, that falling interest rates in the United States and Europe will bring an improvement in the price of that metal. The price is also down because the Soviet Union has been selling gold in large quantities.

Of the 25.1 tons of gold purchased by the Central Bank on the domestic market over the past 2 years, 9.2 tons are from Serra Pelada. That gold is valued at \$260 million in the international reserves.

Biggest Nugget

During a relaxed ceremony yesterday, Gil Macieira, chairman of the Federal Savings Bank, handed over to Carlos Geraldo Langoni, chairman of the Central Bank, the biggest gold nugget in Brazil and the third largest in the world at 7.437 kilograms. It was discovered recently at the Serra Pelada goldfield in Para. The nugget will be displayed at the Central Bank's Museum of Valuables.

The discovery put an end to a dispute that has been going on for months between the Central Bank and the Federal Savings Bank over who should have possession of what was until now the country's largest nugget (6.665 kilograms), which is at the savings bank's museum and which is now the fourth largest in the world. The largest belongs to South Africa.

The ceremony was held in the anteroom of the National Monetary Council's meeting room, where there is a permanent exhibit of paintings by Candido Portinari. With difficulty and an assist from Macieira, a guard from the Central Bank removed the sealing wax from the case holding the nugget. When the case was finally opened and Macieira took out the pieces of polystyrene foam, Langoni commented: "Suspense is what makes it fun." The chairman of the Federal Savings Bank replied: "You have to dig to find gold."

With the nugget removed from its plastic wrapping, Gil Macieira, his hands colored by the gold dust, made his first reference to the dispute between the Central Bank and the Federal Savings Bank: "The nugget we have at the savings bank doesn't crumble."

Langoni then stressed the importance of the nugget, which is 95-percent pure, as symbolizing the addition of gold to the country's international reserves and helping to "overcome the crisis and reduce Brazil's foreign debt."

11798

CSO: 3001/212

SIX-MONTH EXPORTS DOWN 8.56 PERCENT FROM 1981

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Aug 82 p 31

[Text] Rio de Janeiro--Brazilian exports during the first half of this year declined by 8.56 percent compared to the same period last year, dropping from \$10.86 billion to \$9.93 billion. That is the second large drop in foreign exchange earnings over the past 10 years in terms of two 6-month periods. According to a statistical analysis by the Bank of Brazil's CACEX [Foreign Trade Department], the first drop occurred in 1978 (5.25 percent).

Foreign sales of manufactured products, which accounted for 50.13 percent of Brazil's exports during the first 6 months of the year, dropped by 4.81 percent compared to the same period in 1981, declining from \$5.22 billion to \$4.99 billion. This result was considered surprising by CACEX experts because that segment of foreign trade has been receiving incentives from the government in the administrative, fiscal, and tax areas, and some reaction was expected in the last 2 months of the period.

On a CACEX list of 108 manufactured products covering the first half of this year, 79 showed a drop and 29 showed insignificant gains. The largest declines were in boilers, machinery, and mechanical instruments and apparatus (down \$116.9 million), followed by refined sugar (down \$113.1 million) and electrical machinery and apparatus and articles for electronic use (down \$82 million). The three items on which earnings during the first half of this year exceeded earnings during the same period in 1981 were refined or purified soybean oil (up \$51.7 million), ordinary deep-draft vessels (up \$51.3 million), and automobiles with engines of up to 100 horsepower (up \$43.1 million).

Basic Commodities

The statistical data from CACEX also reveal that national exports of basic commodities during the first half of 1982 continued their downward trend with earnings of \$4.1 billion, compared to \$4.5 billion in the same period last year (a drop of 8.72 percent). According to CACEX experts, the drop occurred despite the higher quantities exported--a reflection of the low prices for Brazilian commodities on the international market.

But even though exports of primary products declined, the experts point out that their share of the country's foreign sales came to 41.21 percent, or more

than was recorded for the period from January through May of this year (40.68 percent).

The table below shows Brazilian foreign exchange earnings over the past 10 years from exports of primary commodities and manufactured and semimanufactured goods.

<u>Year</u>	<u>Thousands of U.S. dollars</u>	<u>Percent</u>
1973	2,649,718	48.80
1974	3,066,013	15.71
1975	4,171,575	36.06
1976	4,409,063	5.69
1977	6,204,698	40.73
1978	5,879,049	-5.25
1979	6,801,952	15.70
1980	9,192,942	35.15
1981	10,860,142	18.14
1982	9,930,035*	-8.56

* Earnings from January through June 1982.

11798
CSO: 3001/212

CONSTRUCTION OF IKL1400 SUBMARINES; FRG CLARIFICATION

FRG To Build Submarine

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Aug 82 p 5

[Excerpt] Speaking at the War College (ESG) in Rio de Janeiro yesterday, Minister of Navy Maximiano da Fonseca announced that the navy's reequipment program will include construction in the FRG of a conventional IKL1400 submarine by Brazilian technicians and workers. Six months after they return, they are to build a second one using the technology acquired from the Germans. The contract with the FRG is being concluded, and each submarine will cost between \$70 million and \$80 million.

Maximiano talked to the press following an address behind closed doors on the "Activities of Brazil's Navy." He explained that the reequipment plan calls for spending \$800 million over a 10-year period and adding four corvettes, a training ship of the most modern type, and four helicopters at an average cost of \$50 million each. He said: "We realize that the country is in a difficult situation, but it is important for reequipment not to suffer a solution of continuity."

Budget

According to Minister Maximiano, Brazil's "big problem" is money. "The fact is that if they gave me what I want--\$10 billion--over 10 years, I would build a very good navy. We probably will not get that amount. Our proposal for 1983 is for 83 billion cruzeiros, and we must not exceed that. The service is well supplied as far as personnel are concerned, but quantitatively, it needs more equipment. Until the Paraguayan War, Brazil built its own ships. Then in 1910, we bought a fleet abroad. It was 1937 before we built again--a submarine and a training ship--but construction was interrupted during World War II. Now we have already built six patrol ships, two frigates, and other vessels.

The minister again expressed support for the establishment of a coast guard to police Brazilian seas, rivers, lakes, and lagoons, especially in the frontier regions, "because at present everything is unpoliced. We are not in a position to send out a frigate or destroyer to patrol the sea--it costs too much."

He added that the Federal Government will decide by the end of this year whether to establish the coast guard. If approved, it will be subordinate to the navy

but will operate under another ministry. It will be responsible for surveillance in connection with environmental protection, fishing, and even smuggling in Brazilian waters. "I consider this indispensable," said the minister, who announced that "the vessel for use by that service, with a small gun, would be cheap. Argentina has now purchased five corvettes for its coast guard. In this country, all we have for patrolling are 10 patrol boats which were bought by the Federal Revenue Office but which we operate, and they are now nearing the end of their useful life."

Smiling, he said: "It costs a lot of money to establish a coast guard, but Dr Dornellas (Francisco Dornellas) of the Federal Revenue Office is enthusiastic about doing it. The Federal Revenue Office will profit considerably from having the coast guard, since the latter will combat smuggling."

Concerning the establishment of a naval base on Trindade Island, which would thus become a fixed aircraft carrier in the South Atlantic, Maximiano said that again, the problem is money. He explained: "Some firms--American, Japanese, and French--have already formed a consortium, but there is no money."

Recalling that Trindade and Ascension Island together would form a "bridge," he said that the Americans have no interest in the island or the future naval base, whose construction cost is estimated at between \$200 million and \$250 million. And he ruled out the possibility that Brazil would relinquish the island, where it maintains a navy detachment: "Relinquish it? Nothing doing--that's crazy!"

Maximiano concluded the interview by saying that the ship acquired from Denmark for making an expedition to the Antarctic at the end of the year cost \$3,050,000, "for which we sacrificed the purchase of weapons, because the Antarctic is important to Brazil."

FRG Clarification on Submarines

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Aug 82 p 6

[Article by Assis Mendonca]

[Text] Bonn--Government sources in the FRG confirmed yesterday that the Brazilian Government was engaged in preconsultation concerning the purchase of two IKL1400 submarines. But a preconsultation does not imply a commitment to negotiate a contract on the part of either party. On the contrary, the sale of German submarines is subject to special authorization by the German Government under the terms of the Arms Trade Control Law, and contract negotiations cannot begin until that authorization is granted.

The Brazilian Government's chief interest is in acquiring the technology. The first submarine would be built in the FRG using the technology learned there and under the supervision of Germans.

Authorization by the German Government to undertake the negotiations is doubtful, however. The FRG's restrictions on the arms trade are quite strict. The rules governing the matter were revised in May, mainly because of public

criticism concerning the sale of submarines to Chile and the discussion of the possibility of supplying Leopard-2 tanks to Saudi Arabia.

The deal with Chile went through, but the supplying of tanks to Riyadh became impossible in practice because of the new rules on the arms trade. Obtaining a license from Bonn to transfer the technology for building the submarines is even more difficult than buying them outright.

The contract being sought by the Brazilian military has a precedent, but it dates back to a time when arms export regulations in the FRG were less strict. In 1974, Argentina purchased two German U-209 submarines. Later, in 1977, a contract was signed between the Thyssen Shipyard and the Buenos Aires government, with authorization from Bonn, for the construction of six Type 1400 and 1700 submarines. Two submarines are being built in the FRG (in Emden), while the other four are to be built in Argentine shipyards under the direction of German technicians.

As a result of the Falklands War, the Bonn government decided to block all arms sales to Argentina, which was added to the list of regions in conflict (to which arms exports are banned by German law). The precedent involving Argentina, which was originally considered to be interested exclusively in weapons for defense, may have a negative impact on Bonn's decision concerning the appropriateness of a similar contract with Brazil.

Exporter

Another probable difficulty in obtaining approval from the German Government arises from the fact that Brazil is on the list of the world's 10 largest arms-exporting countries. If submarine technology were transferred to Brazilian shipyards, the latter would be in a position to supply such vessels to any of the countries to which the FRG refuses to sell them for reasons of security policy.

At one time, arms exports to countries outside NATO were banned if the country in question was located in a region where "tension" was considered to exist. But the vagueness of that term opened the door to differing interpretations and assessments concerning the political situation in each country or region. On the basis of the new rules adopted in May, arms exports to any country outside NATO are prohibited in principle.

The German Government may, however, grant special authorization to close deals in this sector when doing so conforms to the FRG's interests in foreign policy and security.

Until now, the German Government's Security Council, which is responsible for granting such authorizations, has had no opportunity to apply the new rules. Its first chance will come in the next few weeks, when it will decide on the sale of arms to Malaysia. The Brazilian Government's preconsultation may be the next case to be placed in the hands of the Security Council. No source in Bonn was willing to hazard a prediction yesterday as to how the matter will be decided.

11798

CSG: 3001/212

ANTARCTIC EXPEDITION WILL NOT WAIT FOR PROJECT APPROVAL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Aug 82 p 11

[Text] Porto Alegre--Brazil is going to send its first scientific expedition to Antarctica at the end of this year without first having its plans approved by the Scientific Committee on Antarctic Research (SCAR--its original English acronym), which is the organization that coordinates all research on that continent. That information was provided yesterday in Porto Alegre by geographer Jane Pereyron Mocellin, who at the start of this year was part of a group of Brazilian researchers invited to familiarize themselves with Chile's Antarctic bases. Last week the group was in Brasilia for several meetings with experts at PROANTAR (Brazilian Antarctic Project).

She explained that the SCAR's member countries submit their annual Antarctic research projects and present reports on the work done during the previous 12 months by 30 June. Brazil, which did not actually begin preparing its program until this year, did not have time to submit even its plan for the trip it has scheduled for this coming polar summer. On the other hand, when it submits its general project--which will include its entire plan for 1983--it will already have practical experience on the continent and will be able to benefit from the sizable helps acquired on its expedition.

When he was in Porto Alegre last week, Rear Adm Mucio Piragibe Ribeiro de Bakker, secretary of the CIRM (Interministerial Commission on Ocean Resources) and coordinator of the Antarctic Subcommittee, did not completely explain that aspect. He said only that it was necessary to speed up preparations for the Brazilian expedition to the maximum and that the PROANTAR project would be completed by October.

But in October, the project will have to be submitted to CONANTAR (National Antarctic Commission), an agency of the Office of the President of the Republic, for approval. Even if it is approved immediately--and approval will actually take some time--about 2 months would be required to get the project ratified by the SCAR as well. If the Brazilian Government took the time to wade through all the red tape involved in getting the expedition underway, the trip would necessarily have to be postponed, because no decision would be reached before the middle of the Antarctic summer. Since winter in that region is very severe and would make a number of research projects impossible, it would be necessary

to wait until the summer of 1983-1984. That would delay the Brazilian program by 1 year.

The result is that all of PROANTAR's documentation will not reach the SCAR in due form until before 30 June of next year. And when the committee officially approves it and includes Brazil as a member of the so-called Club of Antarctic Countries, Brazil will already have local knowledge of the continent's reality, enabling it to accumulate quite realistic and detailed data concerning the continent.

11798

CSO: 3001/212

COUNTRY SECTION

CUBA

FAR GRADUATING CLASS LAUDED, U.S. SCORED

Havana VERDE OLIVO in Spanish 22 Jul 82 p 55

[Article by Jesus Casal Guerra]

[Text] "This graduation marks the culmination of an arduous and complex learning and teaching process that has yielded a graduating class of highly skilled officers with in-depth knowledge and ingrained work habits who are determined to successfully discharge the future responsibilities assigned them."

These were the words of Brig Gen Samuel Rodiles Planas, the chairman of the State Committee for Examinations, in describing the "29th Anniversary of the Assault on the Moncada Barracks" graduating class at the General Maximo Gomez FAR Academy.

"The results of the state graduation and year-end examinations in course and diploma work, as well as in the command practices and the officer and staff exercises, demonstrate the degree of preparedness, the habits and the skills acquired by the graduates and enable us to assert that the objectives charted for these courses have been satisfactorily accomplished."

Referring to the missions performed by the academy, the chairman of the State Committee for Examinations remarked that..."it has accumulated a wealth of experience in training upper-level FAR command and political personnel. Several thousand officers, hundreds of cadres from the Territorial Troops Militias and from the armies of friendly nations struggling against imperialism, as well as party leaders and representatives of provincial and municipal people's government organs, including top party and government leaders and commanders of the FAR, have passed through its classrooms."

He then stated: "The results achieved by the academy and the creative work of its people are unquestionably the fruit of the ongoing attention that the party, the commander in chief and the minister of the FAR have always paid to the development of this institution, which is the pride and joy of our people and an object of admiration for the friends who visit us."

In discussing the responsibilities that the graduates will be assuming henceforth, Brigade General Rodiles Planas said that the conclusion of these courses represents only the beginning of a new work stage for them as command and political personnel in the FAR.

"When you get to your units," he pointed out, "you will face the challenge of taking advantage of all your efforts here to efficiently perform the tasks assigned you in order to further bolster the combat and mobilizational readiness of the units and enhance the combat and political preparedness of the troops."

He outlined the tense international situation at present, which is marked by "the intensification of the arms race and the aggressive campaigns of the main imperialist powers..."

"The deaf ears of the current fascist administration in the United States, headed by Mr Reagan, its ultrareactionary program of opposition to the peace policy proposed by the Soviet Union and other socialist countries, and its criminal and irresponsible support for the Zionist Israeli occupation of Lebanon aimed at exterminating the heroic Palestinian people are more than eloquent examples of imperialism's mounting aggressiveness.

"This situation, along with its orchestrated campaign of threats, possible naval blockades and surprise armed aggressions against our country and other countries in the region," he continued, "forces us to be more alert and better prepared every day to defend our Socialist Revolution under any circumstances and at whatever price is necessary."

In conclusion, Brigade General Rodiles Planas voiced public recognition of the "efforts made by all of you, who together, under the leadership of your commanding officers, the party organizations, the UJC [Union of Young Communists] and unions, have met the demands of your study programs."

"Certain efforts deserve special mention, the efforts of our Soviet military specialist comrades, our teachers, who from the very beginning of this institution have given us their wealth of experience, thus remaining faithful, with exemplary modesty and selflessness, to the legacy of Lenin and his party and to the cause of proletarian internationalism."

During the ceremony graduation medals and diplomas were presented to comrades Lt Col Antonio Beltran Gonzalez, Capt Pastor Piloto Marin, Capt Alejandro Enrique Arencibia and Capt Enrique Garces Montero. The latter is a perfect example of the proper attitude towards achievement in the military, inasmuch as he had previously been the top student at the Camilo Cienfuegos Military Vocational School and the top graduating officer from the Cadets School.

Along with Div Gens Senen Casas Reguiero and Sixto Batista Santana, alternate members of our party's Political Bureau occupied seats on the speakers platform, in addition to stand-ins for the FAR minister, commanding officers of armies and heads of MINFAR directorates and of the General Staff, commanders and officers of the FAR, Soviet specialists and other guests.

COUNTRY SECTION

CUBA

VARIOUS REPORTS ON FAR PROMOTIONS, CEREMONIES

Sanitation Workers Course

Havana VERDE OLIVO in Spanish 22 Jul 82 p 54

[Article by Ruben Fonseca]

[Text] The 27th course at the FAR's Pedro Borrás Astorga advanced sanitation workers school, taught at the Carlos J. Finlay Military Hospital, concluded with satisfactory marks in the various subjects.

The graduates, who were promoted to the rank of warrant officer, performed outstandingly in the socialist emulation and collaborated in research on military medicine.

During their course the students competed in the Sixth Demonstrative Festival of the Central Rear Guard, in which they took first place in free-style and Greco-Roman wrestling, third place in track and field and other individual awards. Sixteen young people from the school were also selected to compete in the FAR Sports Festival.

The top students in the 27th sanitation workers course were warrant officers Leonel Hernández Silva, Barbaro García Pérez and José Alonso González.

At the close of the graduation ceremony, Lt Col Aroldo Pérez Arbusia, the director of the military hospital, said that the graduates had secured good training thanks to their dedication to their studies and to the efforts of their instructors, adding that they possess the skills needed to help enhance medical care in the FRA.

Construction, Housing Work

Havana VERDE OLIVO in Spanish 22 Jul 82 p 54

[Article by Hilario Pino]

[Text] "Conservation is our most important task this year and in the years to come," stated Lt Col Rafael Morales Velázquez, who was standing in the for the FAR minister for troop constructions and lodgings, during

the plenary session to summarize the results of the monitoring and aid activities undertaken by the Union of FAR Civilian Workers (SNTC-FAR) in the rank-and-file organizations of the military constructions units in the Havana provinces.

In making the concluding remarks at this important activity, which was held at the FAR Economic Management School, Lieutenant Colonel Morales Velazquez congratulated the leaders of the sector committee and of the bureaus and union sections, as well as the workers, for the gratifying results they achieved in the monitoring and aid work.

"This shows," he remarked, "that military construction work is doing well in all aspects and that we should underscore the efforts put forth during the initial months of the year by the military builders and the MICONS [Construction Ministry] workers in putting up major projects for the country's defense."

Elsewhere in his speech he pointed out: "In the months to come we will have to undertake several major tasks with great enthusiasm and resolve, among which we can single out a move to the classrooms to win the battle for the ninth grade; implementing the regulations for bonuses and material incentive funds in enterprises; intensifying construction of low-cost housing and being more conservation-minded than ever."

The report on the results of the monitoring and aid was read by Comrade Jose Antonio Roque, the secretary general of the SNTC-FAR. It stated that of the 34 organizations being checked, 32 received a grade of good, 1 average and 1 deficient.

Elsewhere the report points out that there has been significant progress in almost all spheres of union work. The Troop Constructions and Lodgings Section is in second place in the SNTC-FAR in collecting union dues.

Also present at the ceremony were Col Giraldo Thareux, the head of the Political Section of Troop Constructions and Lodgings; Luis Mayet Solis, a deputy in the National People's Assembly, as well as other commanders and officers of the FAR and labor leaders.

New Officers

Havana VERDE OLIVO in Spanish 22 Jul 82 pp 7-9

[Article by Jorge Luis Blanco]

[Text] The solemn graduation ceremony for the students at military instruction centers, who made up the "29th Anniversary of the Attack on the Moncada Barracks" graduating class, was held in Revolution Square and presided over by Army Gen Raul Castro Ruz, second secretary of the Party Central Committee and minister of the Revolutionary Armed Forces.

The new FAR officers are from the General Antonio Maceo Inter-Branch School, the Comandante Camilo Cienfuegos Artillery School, the Institute of Military Technology and the Academy of the Revolutionary Navy.

Also graduating were first-class and junior officers who completed advanced studies at the General Maximo Gomez FAR Academy, the Institute of Military technology (ITM), the Artillery School and the Inter-Branch School.

Hundreds of command personnel, engineers and technicians in a wide range of military specialists are now going to join the ranks of the FAR, to dedicate their energies and skills entirely to the worthy and honorable career in the military.

Outstanding among the graduates was a contingent of more than 100 youths who, as final-year engineering students at various centers of higher learning around the country, responded to the appeal to join the FAR as officers. They did their diploma work in the units and defended their projects, which dealt with technical military topics, at the ITM.

This group was unquestionably a magnificent example of the revolutionary attitude of this generation and of its willingness to contribute its know-how and efforts to bolster the defense of the socialist homeland.

During the ceremony the graduates received the badges that certify them as alumni of the military instruction centers and took the corresponding oath.

Pioneer Yazmin Almanza Quesada, the nationwide winner of the "Friends of the FAR" Competition, conveyed the greetings of the Jose Marti Pioneers Organization to the members of the "29th Anniversary of the Attack on the Moncada Barracks" graduating class.

The concluding remarks were made by Comrade Lazaro Vazquez, an alternate member of the Party Central Committee and its first secretary in Camaguey. He pointed out that "in receiving their first officers rank, the cadets completing their studies at the ITM, the General Antonio Maceo Inter-Branch School, the Academy of the Revolutionary Navy and the Comandante Camilo Cienfuegos FAR Artillery School, as well as a group of university students who responded to the commander in chief's appeal and joined the FAR, are culminating an important stage in their lives, in which they have realized their ambitions and are prepared to take on new and loftier social responsibilities and to successfully plunge into the promising life that the future of our homeland has in store for our youth."

He said that henceforth these new officers would be bearing on their shoulders responsibilities whose far-reaching significance stems from their links to the defense of the revolution and to the fate of the task to which our people devote their energies and copious talents every day.

"The military instruction centers that are today declaring them graduates and certifying their level of training," he stated, "are institutes that possess lengthy experience and whose great prestige is backed by professors of proven professional competence who can provide them with the knowledge they need to efficiently fulfill their new responsibilities.

"Nevertheless," emphasized Comrade Lazaro Vazquez, "we must stress that theoretical training has to fully fulfill its role when it is systematically confronted with practical experiences, so that in a process marked by experimentation and a search for new and original solutions, our men can respond to the new situations created by the evolution of theory, creatively apply their initiative and constantly develop their minds, which is the only way that they become more skillful, competent and capable every day and thus, by operating with flexibility and independence, take active part in the efforts aimed at enhancing the combat preparedness and readiness of the troops.

"Officers must educate themselves and educate their subordinates about the need to observe with exemplary discipline the provisions contained in the regulations that embody the experience and wisdom of generations of combatants, though without making the mistake of trying to find in these texts and instructions answers to all problems and prescriptions for all difficulties. The wealth of military life and work is not exhausted in regulations, because scientific rigor requires that they be accurately reassessed when applied."

The party first secretary in Camaguey emphasized that the primary duty of officers is to educate their subordinates in the principles of Marxism-Leninism, to inculcate patriotism and internationalism in them, to cultivate firmness and a sense of military duty and honor in them, to make them aware of their personal responsibility to perform the missions entrusted them and to develop the political and moral qualities that distinguish a revolutionary soldier who will fight to the limit of his strength for a cause that, above all, is his own cause.

"The most beautiful quality of our army and its greatest pride," he recalled, "is its profound love and infinite respect for the people and its always renewed willingness to serve loyally, modestly and courageously wherever its presence is called for. An example of this was the work done by several units in the western region to alleviate the trying situations caused by the floods that ravaged that area of the country in recent days.

"The bonds with the people and the identification with their yearnings and aspirations are the difference between the armies of the people and the military castes of the capitalist countries, which are incapable of fighting alongside the people for their legitimate grievances."

He addressed a few international issues, mainly in connection with Israel's aggression against the Lebanese and Palestinian people and the conflict in the South Atlantic between Great Britain and Argentina.

In referring to the intensification of military threats against the peoples of the Caribbean, our country in particular, he underscored:

"At this graduation of new officers and standing before the likeness of our national hero, we emphasize our unwavering resolve to defend the homeland and the revolution and to do everything necessary to strengthen our country's defense capabilities.

"We will cope with the new economic difficulties prompted by the world economic situation, the drop in the price of sugar and natural disasters, and once again we will come out ahead, find the resources needed to maintain basic services and make as many sacrifices as necessary, but we will never make any concessions to imperialism, which will never find a combatant here raising the white flag.

"The homeland will always be free or it will be the graveyard of the enemy and the pedestal of our heroes. There will be no sophisticated technologies in this land that can subjugate the will of an army and a people who blend together in peace and in war because they are one and the same thing."

Lastly, on behalf of our party and the commander in chief, he saluted the new officers and all the comrades who work in the military training centers.

After the ceremony, Army Gen Raul Castro spoke with a group of pioneers who took part in the "Friends of the FAR" Competition and gave little Yazmin Almanza Quesada a replica of a T-62 tank and a diploma signed by our commander in chief, Fidel Castro.

Also attending the ceremony were other regular and alternate members of the party's Political Bureau and Central Committee, stand-ins for the minister of the FAR, generals, commanders and officers of the FAR and the Interior Ministry, leaders of the party and of youth and student organizations and other invited guests.

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CSO: 3010/2136

REPORT ON NAVAL ACADEMY ENGINEER GRADUATES

Havana VERDE OLIVO in Spanish 22 Jul 82 pp 28-31

[Article by Mario Rodriguez]

[Text] The Academy of the Revolutionary Navy, located along the Havana coastline, was our host recently. As we began our tour of its facilities, we noticed the constant coming and going of teachers and students, caught up in their necessary educational activities, including the state exams.

For the first time in the academy's history, a large group of midshipmen were going to be defending their diploma projects, which was the final stage in accrediting them as the first engineering graduates of this center of higher military instruction. At the time of our visit they were still midshipmen; but by the time this paper goes on sale, they will already be officers in our FAR [Revolutionary Armed Forces].

For many of them time has passed almost unnoticed, and this sensation has been enhanced by their wideranging program of studies in keeping with the requirements of higher education.

During these 5 years they have systematically acquired a broad storehouse of knowledge that will guarantee that they are prepared in every way to successfully perform the complex missions with which they will be entrusted in their units.

The defense of their diploma project required, of course, a proper justification of the topic they chose, which necessitated ongoing research work and data gathering. Consulting an extensive bibliography became an essential requirement.

Why an Engineer?

An engineering career in the FAR was always a much-sought-after goal of young Omar Alonso Figueredo.

His entrance into the Camilo Cienfuegos Military Vocational School represented the first step towards accomplishing this goal. His vocational training and the acquisition of disciplined habits and other qualities gradually prepared him for life in the military.

By the time he completed his studies, he had made his decision: to specialize in radio electronics.

When the possibility of entering the Naval Academy arose, he saw that his ambitions were beginning to come true. The opportunity that he was so looking forward to had arrived.

Little by little and without encountering major obstacles, Alonso completed, one by one, the 5 years of his major and finally began the preparation stage for the defense of his diploma project.

His topic concerned boosting the efficacy of radio equipment in waging radio electronic struggle against a probable enemy. The topic he had selected presented him with an unlimited field. As he himself asserts, "this field is fundamentally important in the completion of the missions assigned to surface naval units."

When asked about the details of his project, Alonso quickly responded:

"First of all, I have to say that in doing my project I had organize my available time as well as possible, which I was able to do thanks to a rigorous work program. I accurately incorporated into this program everything having to do with literature on the topic, orders, regulations, standards, graphs, etc, which were useful to me in defending my project.

"The objectivity and success of my work depended a great deal on my planning.

"Doing my project entailed the determination of a research objective, and on this basis I worked out its foundations."

At another point in our conversation, Alonso paused to underscore something of the highest importance:

"I want you to keep in mind," he stated, "that the guidance, experience and support of my project adviser were decisive elements in everything that I did."

"How do you feel now that you have finished?"

"First of all, I'm pleased that my research project has been useful and secondly because I'll soon be able to lend my modest contribution to our branch of the Armed Forces."

Omar Alonso Figueredo, a specialist in radio engineering weaponry, is a born researcher, as demonstrated by his active involvement in the academy's scientific society. He won prizes on many occasions during his studies. He took third place at the Fifth Scientific-Pedagogical-Student Competition.

This young Revolutionary Navy officer unquestionably has bright prospects for advancement in his units. He relied greatly on his perseverance.

Dedication and Something More

The diploma projects that these first engineers in the various specialties undertook required above all a large dose of dedication.

After selecting their topic and preparing their work program, they had to consult an enormous amount of literature to properly defend the conclusions and theoretical principles contained in their projects.

During this entire period the supervision and assistance of their project advisers were of vital importance. But this does not, of course, overshadow another important principle: the independence of the student.

The objectives that the project should pursue include:

- Consolidating the theoretical knowledge acquired during classes;
- Teaching the students to apply their knowledge individually;
- Fostering in-depth study in one of the specific technical branches in accordance with the topic selected;
- Consolidating in the students the necessary habits involved in performing calculations, drawing graphs and maps, doing analysis and constructing equipment and experimental devices.

A proper defense by the student of his observations and deductions is decisive in receiving a good project evaluation. In defending a deduction, a student must point out its place in the current development of science, technology and the military. This makes for accurate conclusions.

This is why the first engineers from the Naval Academy based their defenses on the originality of their projects, fully convinced of their arguments.

In order to crown their studies with success, the teaching staff and the administration at the academy had to perform praiseworthy work.

The task was not easy, especially because due to the construction and outfitting of the new center facilities, students did not have all of the conveniences to pursue the objectives they had set for themselves. The results are obvious, however, and logically this has given them encouragement in looking towards new and more complex tasks.

Being Useful as Soon as Possible

Gilberto Sanchez Mons, a mechanical engineer, has a burning desire to be useful as soon as possible, as he himself asserts.

"I know that we have to help solve countless problems in our units. That's why one of my highest ambitions is to put what I have learned into practice. An engineer has to feel the very heartbeat of his unit and be an indissoluble part of it, see the fruits of his labor and gain experience from his daily activities; learning from everyday work, that's the thing.

"My specialty plays a prominent role in the very life of every surface unit, because the engine, as we usually say, is the 'heart' of a ship. The course, steering and maneuverability of the vessel and, therefore, the completion of the mission depend on it."

"What can you tell us about your project?"

"It has to do with the design of the power facility of a surface unit and includes certain methodological parameters inherent to our theater of operations.

"In working on it I had to redouble my efforts and make it as scientific as possible."

Gilberto told us about conditions at the academy, the camaraderie there and the exemplary assistance provided by the professors:

"I can't deny that I'm going to miss all this. The thrills that I experienced over these 5 years are not going to disappear easily, of course."

"Like what, for example?"

"I was elected as a delegate to the Fourth Congress of the UJC [Union of Young Communists] here and I recently received my party membership card. These are two unforgettable moments."

As officers in the Revolutionary Navy, Omar, Gilberto and the rest of their comrades are now ready to begin daily life as soon as possible in the units to which they are assigned. There they will continue to learn with the same dedication that they have shown over the past 5 years. Success is in store for them. They are young and they have the desire to succeed in pursuing their beautiful careers in the military.

UNEAC RESOLUTIONS AT THIRD CONGRESS PUBLISHED

Final Resolution

Havana GRANMA WEEKLY REVIEW in English 18 Jul 82 p 7

[Final Resolution issued at the conclusion of the Union of Writers and Artists of Cuba Third Congress, issued in Havana on 10 July 1982]

[Text]



WHEN THE Union of Writers and Artists of Cuba (UNEAC) was founded in 1961, Cuban writers and artists had fresh in their minds Fidel's speech to intellectuals a few months previously: everything was possible in the Revolution, but nothing which harmed it would be permitted. With intellectual integrity Cuban writers and artists reaffirmed their contribution to the historic task of our people. In the final declaration of the 1st UNEAC Congress a phrase from the 1st Declaration of Havana was included: Cuban writers and artists had a right and duty to "struggle with their works for a better world." Today, that continues to be our inescapable mission. In his closing speech at the 1st Congress, Fidel noted in moving words that all the people were now dedicated to the creation of a new life, which was the culmination of the efforts by several generations of Cubans and the realization of our people's dreams since they developed self-awareness. We were masters of our destiny for the first time and in this spirit of union, freedom and responsibility our intellectuals were urged to contribute with genuine enthusiasm to the formation of a new world of which they were already part.

UNEAC can proudly proclaim that Cuban writers and artists have responded to that call by Fidel and have worked to build our future and to achieve full human dignity.

From the very start, UNEAC sought to unite writers and artists whose work contributed to the development of national culture and who had displayed technical skill, artistic ability and creative originality. UNEAC is an organization of Cuban intellectuals who accept and follow the principles of our socialist Revolution. As such it encourages creativity and promotes a culture that springs from the revolutionary process while at the same time stimulating the study and analysis of our roots.

UNEAC must do even more in the future to achieve these important goals by making the material conditions for intellectual creation even more satisfactory.

The policy formulated at the 2nd Congress of the Party, where the validity of the thesis and resolution on artistic and literary creation of the 1st Congress of the Party was reaffirmed, focused attention on the need to continue work on "the establishment of a highly creative climate in our country that will contribute to the progress of art and literature," as a basic premise for the expression of creative capacity. Another basic premise is that the works produced on the basis of a high level of awareness by our writers and artists will contribute to the liberation of individuals and society, which is the main objective of socialist society.

Cuban writers and artists, as members of UNEAC, must improve their organization and increase the depth of their ideological work as well as maintaining close ties with state cultural organizations and the National Trade Union of Cultural Workers. In the period since the 2nd Congress, the leadership of UNEAC has been strengthened, international relations were increased and its prestige abroad grew. Five provincial committees were set up and artistic and literary creation as a whole has been promoted. UNEAC supports the cultural policy of the Communist Party of Cuba, which seeks to link more closely its members to the tasks of building socialism so their work will continue to enrich and reaffirm the internationalist and progressive nature of the Cuban cultural movement.

As noted in the Resolution on Artistic and Literary Culture of the 2nd Congress of the Communist Party of Cuba: "The political and ideological training of workers in the field of culture is a priority item for the development of artistic and literary work in our country." Thus, UNEAC has an unavoidable duty to promote and encourage the study of Marxism-Leninism by its members.

The promotion and encouragement of the means for the development of literary and artistic criticism must be a constant concern and an objective of the organization of Cuban writers and artists in coordination with state cultural organizations. Its members must understand and support the important guiding role of criticism and receive it in the responsible manner required by this activity. We will also continue strengthening our ties with the movement of young artists and writers, giving them the backing they need to advance and develop.

In addition, writers and artists must help reflect in their creative work the human and social wealth contained in the principal socioeconomic development programs in which our socialist society is now involved.

The fact that a profoundly reactionary administration now rules the United States poses a new challenge and new tasks for our intellectuals. The Reagan administration has decided to return to the path of the cold war and keeping the world on the brink of conflict, in an attempt to stimulate its crisis-plagued economy and crush the forces of social progress. Increased unemployment and inflation in the capitalist world is creating a social imbalance that promotes the militancy of the masses. In the face of all this, the Reagan administration backs repression, military rule, genocide and armed aggression as a response to the need for change.

Cuban writers and artists, along with our Party and people, denounce the warmongering attitude of the U.S. government, its reactionary and interventionist policies and the absurd arms race which it has unleashed. We call on writers all over the world to join in the struggle for peace, which is now the struggle for the survival of humanity.

UNEAC will continue strengthening its ties with Writers and artists in the Soviet Union and other socialist countries, with whom we have close bonds of friendship and shared efforts in the development of socialist culture, along with the progressive writers and artists of Latin America, Africa, Asia and the rest of the world.

The ideological struggle has now reached its highest level of confrontation, as imperialism becomes more aggressive and the peoples achieve liberation. The forces of social progress are gaining strength and the balance of forces is shifting in favor of those seeking social justice.

Cuban writers and artists will strive to become ideologically stronger, so we can fight against the subtle but serious danger of cultural penetration, to which great technical resources have been devoted and in which powerful transnationals actively participate.

Cuban writers and artists are part of the forces which defend peace, independence, and the right to autonomy of the peoples in open confrontation with imperialism, neocolonialism, racism and fascism.

We Cuban writers and artists proclaim our support for socialism and social progress. We express our solidarity with all intellectuals and artists who oppose oligarchical exploitation and uphold the right of the peoples to rule their own destiny and choose their paths of economic and social development in order to overcome existing conditions.

In response to a possible armed attack on Cuba, we reaffirm our determination to defend our country to the last drop of blood and continue firmly repelling the imperialist enemy until the final victory.

Pro-Peace, Anti-War

Havana GRANMA WEEKLY REVIEW in English 18 Jul 82 p 7

[Text]



WE CUBAN writers and artists, meeting in the 3rd Congress of the Union of Writers and Artists of Cuba (UNEAC), hereby express our growing concern over the serious danger threatening the essence of all forms of creation and art — life itself. The peoples of the world realize that mankind's greatest scientific and technological achievements have become, by design of the U.S. government, instruments of mass destruction such as the neutron bomb and biochemical and psychochemical weapons. This is a brutal act of defiance to humanity and to all that humanity has built — all that we know as culture — through a long and hazardous history that dates back millions of years.

The maniacal possibility of nuclear holocaust created by the present U.S. administration is reflected in its frenzied stockpiling of mass-destruction missiles; its consistent refusal to achieve agreements on nuclear arms limitation; its hysterical promotion of trouble spots throughout the world; its absolute scorn for international laws; its ambition for world predominance; and its clumsy statements expressing its determination to use force as the main instrument in foreign policy. This explains why U.S. spokesmen insist on the feasibility of a "limited" nuclear war in Europe in order to protect U.S. territory from a

similar war; the attempts to cover up their defense of the interests of U.S. consortiums and monopolies under the pretext of defending "national security" and the efforts to convince the people of the United States and of the rest of the world that it is perfectly legal and logical to raise the war budget and the programs for military aid to oppressive regimes to astronomical figures. Meanwhile, unemployment and poverty continue to increase in the United States and many other parts of the world.

This is the only possible explanation for the attempts to impose the Manichaean idea of supposed communist expansion, in order to justify support for tyrannical regimes; attacks on countries such as Cuba, Nicaragua, Grenada and Angola that have won their independence and their right to self-determination; and the barbarous repression of national liberation struggles by peoples such as the Salvadorans and Guatemalans, who are determined to eradicate the cause of the injustice and hunger they have suffered for so long.

Logically enough, scientists throughout the world who are exploring secrets of the universe in order to place their findings at the service of mankind are struggling indignantly against all attempts to use that knowledge for the benefit of selfish, inhuman interests.

It is also logical that the peoples of the world, the promoters and builders of everything, are incensed by the aggressive policy of the Reagan administration, which is leading the world to the verge of a nuclear holocaust. They are organizing vigorous anti-war movements and staging protest demonstrations which are becoming increasingly more frequent, numerous and militant. People are realizing that as the struggle against war, for détente and for a ban on nuclear weapons becomes more widespread and vigorous — that is, as the struggle for peace intensifies — the sinister threat of the extermination of the human race and of its work, of its hopes, of its possibilities for the peaceful conquest of outer space, will begin to disappear.

The time has come for all of us who are struggling for peace to place an emphasis on what unites us, instead of on geographical, national, ethnic or ideological differences. For what unites us is much more important than what divides us. As Commander in Chief Fidel Castro said, "We are united by mankind's vital interest in peace, by the determined struggle against the insane arms race. . . . We are certain that at present the most urgent and unpostponable task is the struggle for peace and for safeguarding mankind from destruction caused by nuclear holocaust."

If the arts, including literature, have any significance, this is the time to prove it. If they are more than just a luxury, if their existence responds to humanity's thirst for knowledge, perfection and harmony, this is the time to prove it. Public declarations, no matter how lofty, are not enough. We must do everything within our power to move, persuade, alert and promote action in order to prevent the Earth from becoming a gigantic Hiroshima, a Nagasaki of planetary proportions, a useless sacrifice to darkness, silence and death. The poetry of words and music, the language of form and color, light and shadow, space and time must come to the defense of life, which is ultimately the very reason for their existence, before it is too late.

We consider it our undeniable duty to urge all artists and scientists in the United States and the rest of the

world to do everything they can for the cause of peace which concerns them as much as it does every other inhabitant of this planet, since in the event of a nuclear war everyone's fate would be the same.

The people of Cuba and millions of peace-loving peoples throughout the world condemn this insane trend toward war and we demand respect for everybody's right to live peacefully and to build a better future. But this does not mean that we can be intimidated even by the most vicious threats. It is not fear that unites us and gives us courage, but rather the awareness that we are right, that justice is on our side, that our unity means our strength to politically frustrate the warmongers' designs and to stop the insane preparations for war with our actions.

Based on the principles of humanism, the Cuban people and their Revolution — which constitute a single living and acting organism — reiterate the serene, courageous slogan known to the whole world: *Patria o muerte*. The voice of those who speak for the dignity of this alternative deserves to be heard.

The writers and artists of Cuba join all those who defend peace throughout the world to serve notice on the ruling circles of the United States and their instrument, NATO, that we will not rest in our struggle, that we will continue to fight until we are guaranteed a lasting peace on earth.

The peoples are the only ones who have the inalienable right to decide their future, for it is in them that hope and the highest power are found.

Let our people and the rest of the world's peace-loving peoples work together to construct an impassable wall protecting love and life, flowers and birds, fruits and songs so they continue to exist on earth.

PARTY SECRETARY OF GRANMA PROVINCE DISCUSSES DEVELOPMENT

Havana VERDE OLIVO in Spanish 22 Jul 82 pp 40-43

[Interview with Roberto Damian Alfonso Gonzalez, first secretary of the Cuban Communist Party in the province of Granma, site of the ceremonies commemorating the 29th anniversary of 26 July, by Luis Lopez; date not specified]

[Text] It is a great honor to be chosen as the site of the ceremonies commemorating 26 July, but when the province selected is one of our country's eight youngest, it is even more significant.

It was the ongoing efforts and work of its more than 739,000 inhabitants, not chance, that led our party and government to select Granma Province as the host for this major anniversary. Its 8,457 square kilometers are full of major historic events, from the beginning of our struggle for independence to the culmination of the uprising, and today the province is being creatively transformed by its hardworking, combative people.

It was just a few days before the 29th anniversary of the assault on the Moncada and Carlos M. de Cespedes Barracks when Comrade Roberto Damian Alfonso Gonzalez, an alternate member of the Central Committee of the party and its first secretary in the province, agreed to this interview with the magazine VERDE OLIVO.

[Question] What did the residents of Granma do to become the hosts of the 26 July ceremonies?

[Answer] When our commander in chief urged us on 21 January of last year to work at being the site of the 26 July commemorations, we didn't hesitate a second. We immediately devoted ourselves to the task of joining efforts to this end.

The first thing we did was to place the possibility of holding the 26 July celebrations here in Granma in the hands of the masses, of the entire

people. In this regard, we planned three work stages, centering around historic dates, the first from January to 26 July 1981, the second from then until 1 January 1982 and the last one, the one we are in right now, until this July.

And so we gave a big push to school courses, construction projects, the sugar cane harvests, the rice harvest, livestock, milk production, housing construction and looking after the people in the highlands, among other things.

We bolstered our organizations, which led, of course, to intensive activities in every regard, which enabled the province to exceed its commercial production plan by 14 percent in 1981. Furthermore, we incorporated new cane-growing areas and introduced new varieties of cane, and we will be boosting our production capacity when we start up the new "Grito de Yara" mill for the upcoming harvest.

Thousands of caballerias of many crops, including hay, will benefit from an expansion of our irrigation systems. We will increase coffee and cacao acreages, while reforestation will expand significantly. Fishing will also expand, along with other exports from our province, which will bring in more foreign exchange for our country.

[Question] There are other indicators, such as productivity, efficiency and conservation, in which we would like to know how you did.

[Answer] Of course. The struggle to conserve has ceased to be just a rallying cry and has become something tangible. For example, from the outset of the last sugar harvest, the workers decided not to consume oil and got rid of the burners. We have to acknowledge that through great efforts the workers kept up the pressure in the boilers with firewood and bagasse.

There are still enterprises that conserve little and that have to work more earnestly in accomodating their loads and eliminating unnecessary consumption. The party and the unions have to work hard on this.

The construction and recovery of spare parts is moving forward at a good pace. The movement of innovators and rationalizers and the Youth Technical Brigades have a great responsibility in this regard...You should just see the solutions that our comrades have come up with for some serious problems, how they exchange experiences and find answers for major difficulties! This helps to boost efficiency in general.

Our productivity in 1981 was 104.5 percent, and we achieved a 5.8 percent increase over the previous year. Moreover, the expansion of commercial output was due mainly to the rise in productivity.

Last year the province had more profits than planned, with a big drop in scheduled losses. If we compare this with the 1980 results, we can appreciate the efforts made in all spheres of production and in the struggle for economic efficiency.

Before arriving at the building that houses the provincial party organization, we saw the masses busily at work preparing for 26 July. The CDR's [Committees for the Defense of the Revolution], along with other mass organizations, are mobilizing their members into a wide range of tasks. But one noticeable characteristic is that thousands of men and women are getting involved in the plans to beautify a city block or are going wherever their efforts are needed.

[Question] What role have the party and the mass organizations played in raising the political and ideological level of the populace?

[Answer] In each of the 13 municipalities and in each group the party has tackled its tasks with enthusiasm and responsibility. Many of them have not been easy, and as the memorable day draws near, the work gets more tense, but it gets done through the great efforts of the entire populace.

The CTC [Central Organization of Cuban Trade Unions] and its unions have played a decisive role in spurring on all activities, with their "26 tasks for the 26th" emulation, which includes an equal number of basic activities in production, services, education, defense, etc. Month after month, our plans have been fulfilled and exceeded thanks to this emulation, which included systematic checkups and has been marked by enormous enthusiasm.

The efforts of Community Youth (we spoke earlier of the Youth Technical Brigades) and of the mass organizations were decisive in being chosen as the host province. They have worked hard, with a high level of organization and dedication.

The degree of awareness of the population and their political and ideological level can be seen in their accomplishments, as well as in the enthusiasm with which they pursued their activities: the environmental cleanup, the blood donations, the collecting of glass containers, the cytological tests, the contributions, the establishment of dozens of cooperatives and the conservation campaign are some of the outstanding activities.

It has once again been demonstrated that when the party assigns a task to the masses, that task gets done.

[Question] Defense is another activity for the entire people. What approach do the residents of Granma Province take towards military preparedness and patriotic-military training?

[Answer] Throughout its territory Granma has an enormous amount of history, and its people are faithfully carrying on these traditions of struggle. La Demajagua, Las Coloradas, the Sierra Maestra, the Carlos Manuel de Cespedes Barracks are all major events that happened here in this province, some far away and others closer to us. The people of Granma Province know well what they mean to all Cubans. It is a great responsibility to keep these banners on high on all fronts. We are aware of this and this is why we keep struggling.

The Militias of Territorial Troops are organized into regiments, battalions and some independent units in all our municipalities. The Reserves, through the Military Committees, maintain a good organization. So, the units in our province are in a position to fulfill the missions for which they have been created.

We work not only on organization but also on combat readiness and preparedness through the yearly instruction programs. And you can see the enormous enthusiasm in the men and women who participate in the exercises.

I don't have to say much about the patriotic and internationalist dedication of this people, which it has demonstrated first by defending its own soil and then in other lands as soldiers, builders, doctors, technicians or teachers. Examples are more eloquent than words. The latest one was the construction brigades that recently left for Nicaragua to repair the flood damage there.

In just 5 years this province has undergone a transformation in every respect, even in the most remote places in the highlands: new communities, roads where only pack animals could travel before, schools, day care centers, hospitals. A person who has not visited the province in some time would have trouble recognizing certain regions.

[Question] What are the prospects for the province's social development?

[Answer] Despite some material limitations, we are continuing to work on meeting the people's social needs. We are constantly working on providing for the highland areas, no matter how remote they are, and we are coming up with solutions to many of the problems facing our peasant farmers, who can now find many items in their stores in the mountains and thus do not have to come down into town.

Housing construction will continue, although on a limited basis. In honor of the celebration, 1,000 units will be going up this year. We will continue building in subsequent years, though not in that amount. We are working on building and repairing school facilities, some social centers and health care facilities, to which we always give priority attention. Furthermore, we are going to electrify as many villages as we can.

To celebrate 26 July we are going to complete 400 major projects that will directly benefit the people and that have been in demand for some time. The people themselves are working on them.

[Question] With regard to the people, what examples could you highlight of their involvement in running the government through the organization and structure of the People's Government?

[Answer] The Politicoadministrative Division and the creation of the organs of the People's Government have obviously brought great progress

to the province in every regard. From an organizational standpoint we have to move ahead further in the work of the Standing Working Committees. Nevertheless, we can already see good results.

We have to improve contacts between the delegate and the various levels, as well as his responsiveness to the voters. These are issues that cannot wait until the district assembly.

There have been many individual positive experiences all over the province; they depend on the type of problems facing a given district and on the experience and potential of the delegate. With the involvement of the delegate and the support of the mass organizations, many problems will continue to be resolved without red tape.

There is tremendous potential strength in the people. We just have to know how to make use of it, and that's what we're doing.

We have to acknowledge the work of the delegate, the Standing Working Committees, the Executive Committee and the assemblies, both in the municipalities and in the province. The assemblies are more combative now, and the delegates bring the burning problems of their districts there so that they can be properly dealt with.

The interview is about to conclude, and although there are many questions that I would like to ask, the party leader is pressed for time...

[Question] Is there anything you would like to add?

[Answer] We would like to convey, through VERDE OLIVO, our thanks for the greetings that all of the country's provinces have sent us and for the material assistance that we have received from them. We are thankful for this valuable assistance of every kind and we are indebted to them for it.

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EJT CONSTRUCTION WORK IN GRANMA PROVINCE NOTED

Havana VERDE OLIVO in Spanish 22 Jul 82 pp 56-57

[Article by Luis Lopez]

[Text] The 20,000 residents of the Camilo Cienfuegos district, one of the most crowded in the municipality of Bayamo, have two reasons to feel happy. The first is because like all residents of Granma Province, they helped it win the fair competition with other provinces to host the 26 July commemoration. The second is because since 28 May the soldiers of the EJT [Youth Labor Army] have been working on a complex public utilities project in the district, a desire that its residents are seeing become more of a reality every day.

The units working there belong to Camaguey EJT Corps, and they include platoons that did an outstanding job during the recent sugar harvest, even though it was the first one in which they took part; Platoon 4 of Battalion 64, for example, reached the three-million level.

The more than 200 soldiers-cane cutters (who are now construction workers) are working on a series of projects that are part of an assistance plan for Granma Province in each of its 13 provinces. The youths thus have the incentive of being able to lend a hand in the work being done with a view towards the celebration of that historic date.

In addition to the aforementioned project, this contingent is working on two dairy farms, a livestock breeding center, completion of an apartment building and the finishing touches on the public square where the keynote ceremony will be staged on 26 July.

Good Examples in Every Respect

This is how Juan Jorge Ramos feels about the work that the EJT combatants are doing day and night. "I've seen very few people work with the desire that these boys have. At night we mobilize in the CDR's [Committees for the Defense of the Revolution] and help them dig ditches, lay the piping and make concrete by hand."

A swing through the district, which covers a total of 502,000 square meters, gives us an idea of the intensive work going on. On each block, pick or shovel in hand, the youths dig ditches and lay the piping of the sewage system, while others prepare the manholes on the street or near houses, block off sections for the curbs or pour the concrete in what will soon be the sidewalks.

Most of the work is done by hand, because the housing units that have been constructed hamper the use of heavy equipment.

"I've been living in this neighborhood for about 36 years," says Ramos. "Although the revolution made some improvements, a lot remained to be done. When it rained, all these streets turned into a swamp that was practically impossible to get through on foot or by car, and the sewage ran right in front of our homes. One night in February some pieces of equipment and men arrived and began digging ditches...What a great night that was. But progress was very slow because the work force was small and there was a lot to do."

One of the difficulties that the comrades in the EJT had to confront was the shortage of skilled labor, which prevented the project from moving forward in smooth and timely fashion. A group of these young people then set about learning the skills, and now 72 of them are efficiently performing such jobs as curb preparation, sidewalk construction and central manhole placement. To give you an idea of the work that has gotten done, we can point out that 30 of the 42 kilometers of piping have been laid in less than 1½ months. The general work program to be undertaken by the EJT was valued at 211,371 pesos, and it has actually done 355,324 pesos, 68 percent over the goal.

"We haven't heard any complaints about them during the time they've been here working," Ramos asserts. "They've really been good examples in every way, and we residents are pleased about that."

The identification that the soldiers have achieved with the local populace as a result of their personal efforts, selfless work and discipline, is unquestionably one of the most significant accomplishments of this undertaking, and it bolsters the people's view of the Revolutionary Armed Forces as a trainer of the younger generation.

They're Proving It Here Too

Work begins quite early, just as in the cane fields, and stops only for lunch and dinner, resuming thereafter until 11 or 12 at night. The average work day exceeds 13 hours. On Sundays they work until 1 in the afternoon and then have leave to visit their families.

The same schedule applies at the rest of the projects they are helping with. This is why dairy number 13 has progressed from 41 to 85 percent completion, in spite of the material difficulties that have hampered a smooth work pace. They are 52 percent ahead of their goal. Housing construction with the national vanguards is also moving forward at a good clip.

During our swing through the Camilo Cienfuegos area we met Angela Crespo Brezuela, who has been a district delegate since the founding of the People's Government in 1976 and who now works as secretary to the director of the Buildings and Housing Construction, Maintenance and Repair Enterprise of the People's Government in Bayamo.

"One of the requests of the voters has been the installation of public services in the district, which has been very difficult because the costs amount to several million pesos."

With this need in mind, the government of the province decided to begin installing piping in the district, which would resolve the sewage problem, and at the same time to draft general public services blueprints.

"I don't want to glorify anyone or say anything that runs counter to the opinion of my voters, but the EJT has done a marvelous, selfless job and is proving here too that it is the most productive force in the country."

While Angela searches for some information in her documents, she says that she recalls having heard some residents call the EJT boys "human trench hoes." "And they don't call them that just for the sake of it. They can dig up several blocks, hundreds of meters sometimes, in a day. This is not easy, because in some spots the accumulated water was higher than the rubber boots they had on."

"At the last municipal assembly of the People's Government the delegates had very kind words for the work they are doing, and one of them proposed a motion, which was passed, to salute all of the support brigades working there, especially our comrades in the EJT."

To Us It's Not Just a Duty

Mariela has been making her way through the piles of earth and the ditches where the sewer system piping will soon be installed. She's carrying a large jar with a big piece of ice in it. The dozen or so youths assigned to the spot have just begun their break.

A smile comes to the faces of the soldiers when they see that the jar is practically empty and they advise the girl to walk slower the next time.

Very close to where a central manhole is being constructed we came across EJT soldier Pablo Andino Gonzalez, a native of Yara, whom minutes before we saw not very skillfully plastering one of the walls of the manhole.

"This is the first time that I've done masonry work, but just a year back I didn't know what cane was and I cut 84,000 arrobas [1 arroba=25 pounds] in my first harvest. When we got here, there weren't enough masons, and I started learning from one of the few we had. The house you see over there, we built alone, without anyone's help. And I'm not the only one. There are dozens of comrades like me."

"We knew that our task wasn't going to be easy, but we were pleased to learn that we could help our province become the host of the 26 July celebration. This is why we're happy, because in addition our work is going to benefit a lot of families living in the district."

Night is falling, and the soldiers retire to their camp to eat. Some 2 hours later the following will happen: large street lamps and strings of light bulbs will bring artificial daylight. The local CDR's will mobilize their members, who with their work tools will join their EJT comrades in another work shift lasting until almost midnight.

What will happen when these youths head off to do their duty in the cane harvest?

Most of the projects they are now working on will be completed or near completion.

Angela Crespo, district delegate, says: "You won't be able to talk about the installation of public services in the Camilo Cienfuegos district without mentioning their contribution. Their work will be unforgettable."

Juan Jorge Ramos, a CDR member, adds: "It's going to be tough for us, because we've gotten used to seeing them around, to sharing with them. From now on our houses are their houses too."

Mariela Saucer, a pioneer, comments: "I'll write them a letter every day."

Pablo Andino Gonzalez, an EJT soldier, remarks: "We won't forget the affection and the attention they've given us, because they've been very sincere."

8743

CSC: 3010/2137

URBAN PROPERTY INHERITANCE RIGHTS EXPLAINED

Havana BOHEMIA in Spanish 30 Jul 82 p 30

[Article by Ricardo Villares]

[Text] Marino Costa from Santiago asks whether "inheritance rights exist in our country or not in connection with urban properties (homes) not inhabited by the heirs."

"I would also like you to clarify for me whether Urban Reform can transfer title to an heir who lives in the house without the consent of other heirs. Lastly, what crime is committed by an heir who sells part of the house without taking other heirs into account?"

Attorney Esteban Gomez, the director of Urban Real Estate at the Ministry of Justice, responds:

Article 24 of the Constitution of the Republic states that the law regulates inheritance rights to privately owned housing. Urban Reform legislation governs these rights. Resolution No 2 of 21 August 1967 stipulates that the heirs who do not live in the dwelling have the right to receive the share of the legal price of the property that is due them.

Resolution 14 of the Ministry of Justice (5 May 1971) regulates the rights of the heir or heirs occupying the dwelling whose title is being transferred to their name, to which end they must ask the municipal office of Urban Reform for authorization to transfer the property by means of a notarized adjudication document, after meeting all other requirements. The consent of the other heirs who do not inhabit the dwelling is not necessary, and the beneficiary heir is obliged to appear at Urban Reform and demand payment of the share of the legal price corresponding to each of the other heirs if they do not convey title to him.

With regard to the crime committed by an heir who sells part of a house without taking the other heirs into consideration, my response is that the sale of dwellings between private individuals is regulated by Resolution 288 and Instruction No 1 of 6 and 7 April of this year. The resolution reiterates that those interested in a purchase and sale transaction must first secure the authorization of the agency empowered by the minister,

as stipulated by law. The property remains proindiviso, and all of the joint owners must attend the purchase and sale transaction in the presence of the the designated notary public. Any transfer of title of the urban property made without the authorization required by law must be deemed illegal, the penalty for which could be loss of rights and transfer of property title to the State, as stipulated in Article 45 of the Urban Reform Law.

8743

CSO: 3010/2137

'FINAL' ELECTION RESULTS FOR CHAMBER OF DEPUTIES

Mexico City NOVEDADES in Spanish 19 Jul 82 pp 1, 12

[Article by Javier Ortiz]

[Text] After reporting the official tally of votes received by each party in four plurinominal districts of the country, it is deduced from final figures issued by the local election commissions that the 100 seats will be divided as follows, barring any changes of importance and pending the final decision of the CFE [Federal Election Commission] which will meet this week to consider this subject: PAN [National Action Party], 52; PSUM [Unified Socialist Party of Mexico], 18; PDM [Mexican Democratic Party], 11; PPS [Popular Socialist Party], 10; and PST [Workers Socialist Party], 9.

In a related matter, the country's 32 local election commissions met yesterday in long work sessions to analyze the final votes of each senator and thus to develop majority certifications for 64 victorious legislators, all from the PRI [Institutional Revolutionary Party].

What is more, after delivering certifications to the new senators which verify their victories, the local election commissions representing the district seats of the Federal District, Durango, Jalapa and Jalisco, engaged in serious discussions; however, finally, in common accord, they released the final figures received by each party in the elections of deputies by means of proportional representation.

Thus, once the figures were released, it was possible to determine the approximate percentages of deputy seats each party will have in the 62nd legislature. It should be remembered that the PRI is not included in this statistical breakdown because it obtained over 60 percent of the deputy seats as the majority party. (Neither the PSD [Social Democratic Party] nor the PARM [Authentic Party of the Mexican Revolution] are included, as both parties failed to be registered). As for the PRT [revolutionary Workers Party], the organization was able to stay in the political competition but was unsuccessful in obtaining representation in the union Congress.

Breakdown in Deputy Seats

In the first district, which includes the Federal District, the states of Aguascalientes, Morelos, Tlaxcala, Puebla, Hidalgo and San Luis Potosi, the deputy seats were distributed as fol. :

PAN received 1,234,991 votes, 15 deputy seats. According to the official slates published in the Official Journal of the Federation, the following names appear: Jose Gonzalez Torres, Bernardo Batiz Vazquez, Gerardo Medina Valdes, Jorge Alberto Ling Altamirano, Juan Jose Hinojosa, Javier Blanco Sanchez and Jose Angel Conchello, among other outstanding White and Blue activists.

For the PSUM, which received 386,525 votes, the situation appears to be different. It probably will have four deputies in this district: Ivan Garcia Solis, Rolando Cordera Campos, Salvador Castaneda O'Connor and Antonio Gershenson.

The PDM received 174,176 votes and two deputies: David Prozco Romo and Faltasar Ignacio Valadez Montoya.

The PPS received 135,409 votes and two deputy seats, which probably will be filled by Francico Ortiz Mendoxz and Jesus Lujan Gutierrez.

The PST received 142,535 votes and two deputy seats, completing the total of 25 deputies. The slates are headed by the names of Rafael Aguilar Talamantes, present leader of that party, and Raul Lopez Garcia.

Durango District

In the second district, which has its seat in Durango and which includes the states of Chihuahua, Coahuila, Zacatecas, Queretaro, Guanajuato and Mexico, the situation appears to be the same.

National Action received 1,189,037 votes and 11 deputy seats. The following names appear on the slate: Maria Teresa Orduna Gurza, Astolfo Vicencio Tovar--the brother of the PAN president--Francisco Soto Alba, Carlos Chavira Becerra, Luis Torres Serrania, Jaime Armando de Lara Tamayo and Gustavo Arturo Vicencio Acevedo, among others.

The PSUM received 198,990 votes and is entitled to four seats. The following names appear: J. Dolores Lopez Dominguez, Edmundo Jardon Alzate, Victor Gonzalez Rodriguez and Rene Rojas Ayala.

The PDM received 174,270 votes and four seats which certainly will be filled by Jose Augusto Garcia Lizama, Juan Lopez Martinez, Ofelia Ramirez Sanchez and Jose Dolores Lara Guitierrez.

The PPS received 94,131 votes and three deputy seats which probably will be filled by Hector Ramirez Guellar, Alfredo Reyes Contreras and Jorge Tovar Montanez.

The PST received 87,051 votes and will also get three deputy seats. The following names appear on the slate: Antonio Ortega Martinez, Miguel Alvarez Gandara and Francisco Navarro Montenegro.

Third District

The third district has its seat in Jalapa, Veracruz and includes the states of Nuevo Leon, Tamaulipas, Oaxaca, Tabasco, Campeche, Chiapas, Yucatan and Quintana Roo. Here, too, there is a broad PAN majority.

National Action received 485,825 votes and captured 12 seats. The names, although not well known, are: Luis J. Prieto, Roger Cicero McKinney, Angel Mora Lopez, Ruben Dario Mendez Aquino, Fabian Basaldua Vazquez, Paulino Aguilar Paniagua, Jose Hadad Interian, Manuel Zamora, Duque de Estrada and others.

The PSUM received 11,296 votes and is entitled to four deputy seats. The slate is headed by Jose Encarnacion Perez Gaytan, Hector Sanchez Lopez, Pedro Bonilla Diaz de la Vega and Miguel Angel Velasco Munoz.

The PDM received 68,012 votes and is entitled to two seats which probably will be filled by Margarito Benitez Duran and Francisco Alvarez de la Fuente.

The PPS received 166,239 votes and four seats which surely will be filled once again by Jorge Cruickshank Garcia, Viterbo Cortes Lobato, Juan Gualberto Campos Vega and Sergio Ruiz Perez.

The PST received 135,700 votes and is entitled to three seats which probably will be filled by Candido Diaz Cerecedo, one of the seven candidates for the presidency of the republic, Ricardo Antonio Cobela Autrey and Desar Humberto Gonzalez Magallon.

Finally, the fourth district has its seat in Guadalajara, Jalisco and includes the states of Baja California Norte and Baja California Sur, Sonora, Sinaloa, Nayarit, Colima, Michoacan and Guerrero. The results were similar here.

PAN received 876,495 votes which equate to 14 seats which will probably be filled by Jesus Salvador Larios Ibarra, Alfonso Mendez Ramirez, Rodolfo Pena Farber, Miguel Angel Martinez Cruz, Javier Moctezuma y Coronado, Gabriel Salgado Aguilar, Pablo Castillon Alvarez and others.

The PSUM received 235,403 votes equating to six seats which probably will be filled by Raul Rea Carbajal, Samuel Melendres Luevano, Daniel Angel Sanchez Perez, Florentino Jaimes Hernandez, Jesus Lazcano Ochoa and Alvaro Ramirez Ladewig.

The PDM received 117,664 votes and three seats which will probably be filled by Enrique Alcantar Enriquez, Ignacio Vital Jauregui and Raymundo Leon Ozuna.

Finally, the PPS received 68,524 votes; and the PST received 62,867. Each will have on deputy seat. The PPS seat will probably be filled by Crescencio Morales Orozco and the PST seat by Domingo Esquivel Rodriguez.

Using these figures obtained from the final counts reported by the four local election commissions of the plurinominal districts, we note that PAN, by considerably increasing its voting margin over the other parties compared with previous elections, continues to be the second most important election force in the country, followed by the PSUM, PDM, PPS and, finally, the PST.

It is worth noting that this distribution of the 100 deputy seats on the basis of proportional representation will be officially determined by the Federal Election Commission at a meeting to be held this week at which this subject will be carefully analyzed.

8143

CSO: 3010/2089

NEW WAVE OF VIOLENCE, ANTITERRORIST MEASURES VIEWED

Lima EQUIS X in Spanish 12 Jul 82 pp 9, 10

[Text] Last week two events, which in different ways marked our development as a republic, were commemorated in the country.

The heroic deed of Marshal Andres A. Caceres and the La Brena fighters during the ill-fated War of the Pacific was celebrated for its great patriotic and nationalistic significance. In that campaign, the mountain people of Peru showed the world their capacity for sacrifice and self-denial in a 2-year fight against a fully equipped invader force, a deed which gave our country innumerable popular heroes and a glorious tradition a century ago.

Also celebrated was the 50th anniversary of the Trujillo APRA [American Revolutionary Popular Alliance] insurrection, when sectors of the people rebelled against tyranny. As that party's leaders said during the ceremony, the occasion honored the dead, soldiers as well as APRA members, because both were really victims of a civil war provoked and fanned by the antinational and antipeople oligarchy, which used the armed forces in a struggle that was not their own. Fortunately, the oligarchy was destroyed by that great soldier and revolutionary, Velasco.

In another aspect of national events, a new wave of even more violent terrorism broke over the country. From the capital district to the rough, frigid central plateaus, the fanatic members of Shining Path have returned with greater virulence in a counteroffensive that EQUIS X predicted 2 weeks ago, before the attack on the Nana police station. After analyzing the country's economic and social situation, with its increasing poverty, we pointed out that that was the best culture medium for the growth of violent tendencies among desperate and crazed people. We called the seeming calm of the preceding weeks a moment of strategic withdrawal by Shining Path, in order to return with redoubled strength. And we ended by urging preparation for a new offensive, "with very serious repercussions." We are sorry that our prediction was so exact, while the majority of journalists who speak for the government were writing about the supposed eradication of terrorism.

The attack on the Nana police station just 22 kilometers from Lima on the central highway, with the tragic deaths of two policemen, after the announcement of a massive guerrilla campaign in a leaflet distributed by

Shining Path recounting its "deeds" during the last 2 years and the attack on the Cerro del Pasco prison, is just the beginning of a new offensive or counteroffensive. On Thursday, just 3 days after that despicable act, scores attacked the Civil Guard post at Ocobamba, in Andahuaylas in Apurimac district, killing a Civil Guard lieutenant. And meanwhile, in Cangallo (Ayacucho), terrorists attacked the Ayrabamba plantation owned by brothers Carlos and Cesar Parodi, took possession of it, and caused 300 million sols' worth of damage to buildings, machinery, and crops, besides taking hostages. In Paras, another Cangallo district, and in the Espite area, the fanatics took hostages, stole medicine and surgical supplies, and destroyed public and private property, as well as cutting off telephone communication with Ayacucho. In the Santiago pampa district (Carro de Pasco) they killed peasant Sabino Melgarejo and stole his livestock. In Ayacucho itself, Path members have reopened their extortion campaign against merchants and landowners, threatening to kill them if they "do not give their economic support to the armed struggle."

The way that the terrorists or guerrillas have been operating shows a high degree of organization, discipline, and training. And their fanatical resolution to face the ill-equipped Civil Guards in their isolated mountain posts without a second thought, shows that the second stage of their subversive action plan (to generate a guerrilla movement in the countryside, in order to later attack the city) is fully developed.

The government's inability to even ameliorate the effects of the economic crisis that is oppressing our people, and its inability to make even moderate headway against the guerrilla-terrorist outbreak, has reached outrageous proportions. And those who, in their fevered dreams, plan to repeat what has occurred elsewhere on the planet by means of a "people's war," are taking advantage of this. We are sliding down into the pit this way, and it would not be surprising if there were an emergence of kidnappings, tortures, and cold-blooded murders in this country, with the single, ominous response of paraofficial terrorism, all of this dragging us into an unprecedented orgy of blood, death, and destruction.

Obviously the country is faced with the insane activity of a determined group of fanatics who pay no attention to the conditions under which they are operating and think it is impossible to repeat here the entirely different cases of Nicaragua, Algeria, and Vietnam, beginning with terrorist action. Their mental alienation, their desperation, keep them from seeing that, in one case, guerrillas succeeded because they were fighting against a bloodthirsty tyrant who was repudiated by the entire society of Nicaragua. And that, in the other cases, the uprising had as its true stimulus a nationalistic passion against the foreign colonizer or occupier. None of that is present in Peru. And therefore, as in the Southern Cone of the hemisphere, subversive activity could only unleash a bloody repression which would in itself wipe out democratic freedoms and the constitutional system, affecting everyone but mostly the legal leftist organizations.

Besides, the latter consequence is already foreseen, and in some ways, promoted by rightists like Manuel D'Ornellas, the alter ego of Manuel Ulloa, who is

attempting to involve the rest of the left in the Shining Path activities, paving the way for an Argentine-type solution, a country in which he has lived for a long time.

Terrorism, the scourge of our time, stripped of its apparent idealism and with its true and damaging consequences exposed, is in the final analysis a social provocation that has nothing to do with popular, democratic, revolutionary, or socialist ideas. An action which in the end destroys Samson with all the Philistines and which, achieving a hypothetical victory, could spawn insane and genocidal regimes like that of Pol Pot in Cambodia. In the face of this phenomenon, it is imperative to act intelligently and boldly, eliminating the negative conditions that feed it and effectively fighting its criminal outbreaks through decisive application of the law and nothing but the law. That is, to do what the present government has been unable to do up to now.

The government of President Belaunde, Prime Minister Ulloa, and the others, far from improving the country's social and economic situation, has carried it to disastrous extremes, as everyone knows. And their fate has been the same in the area of direct action against terrorism. They have only used sluggish and indiscriminate repression, and the creation of concentration camps like the ominous island of El Fronton.

The solution we must seek is something like the method used by Romulo Betancourt and Carlos Andres Perez in democratic Venezuela, carrying out social reforms and a bold military-police action against subversion. As we know, that way guerrillas were finally forced to lay down their arms and later all received amnesty, thus ending a crazy adventure. Here in Peru, according to the way things are going, we should aim for a State of Emergency in the affected areas, using the army as well. Of course this action would be accompanied by a radical change in economic policy, in order to eliminate the conditions that breed subversion and terrorism. This is one responsibility that the government cannot and should not avoid any longer.

EQUIS X wishes to go on record here as expressing its solidarity with and homage to the policemen who were murdered by terrorists, sacrificing their lives in defense of democracy and the law, that is, freedom for all Peruvians. That naturally includes the legal Marxist left, which would be one of the first victims of Shining Path's totalitarianism if that organization should ever come to power through violence.

8587

CSO: 3010/2027

BRIEFS

LEFTIST POWER STRUGGLE--There is every indication that Shining Path is at war with the pro-Albanian leftist group Red Flag. The latest action by that terrorist organization confirms this theory. On 3 July 1982 an armed group of about 30 took over Chuschi (in Cangallo Province, Ayacucho) and captured the governor, who is a member of Red Flag. Accused of being a member of the secret police, the governor was publicly tried in the presence of the members of the community. The Shining Path members urges his execution, but the peasants opposed it. The follower of former professor Abimael Guzman had no choice but to free the governor and leave the area. It is thought that Shining Path is seeking leadership of Chuschi, which is in the hands of the followers of Saturnino Paredas, the leader of Red Flag, for, as it is known, that group plays an important role in the Cangallo Peasants Federation, a situation which the members of Shining Path do not like. This event has a clear precedent in what happened on 18 May 1980. At that time Shining Path was seeking control over Chuschi and boycotted the presidential elections. The community's response was strong. They reacted and hunted down Shining Path members, capturing a dozen. A sequel to these conflicts may have been the 7 April 1982 murder of Carmelon Huamani Galindo, leader of the industrial community of the Li Rossi shoe factory. As you know, Huamani Galindo was from Chuschi. Oddly, after he was shot, a sign was placed on his body, saying "He was killed because he was a police agent." The victim had been arrested in Lurigancho months before for alleged terrorist activities, but was released later for lack of evidence. Our investigations have determined that Huamani Galindo was a Red Flag member. That may be evidence enough to guess that there may be a war between that group and Shining Path. [Text] [Lima OIGA in Spanish 12 Jul 82 p 18] 8587

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